



Central banks

Would independence work in Britain?

Page 14

If I had a hammer

How Finland's hard rock crushers win exports

Page 10

Surveys

Business travel management

Section IV

Venture capital

Section III

Tomorrow's Weekend FT

A taste of betrayal by the Stasi



FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY SEPTEMBER 25 1992

D8523A

Recession-hit UK car industry cuts 2,400 more jobs

The UK motor industry was hit by a fresh wave of redundancies as Ford, leading UK vehicle maker, said it would cut 1,487 jobs at its British plants because of continued recession in the new car market. Rolls-Royce Motor Cars, heavily loss-making luxury car subsidiary of UK engineering group Vickers, is to cut 950 jobs - or nearly a third of the workforce - at its Cheshire plant. Page 16; Details, Page 7; Honda to expand, Page 7; Vickers results, Page 17, Lex, Page 16

First hits Italy's biggest private-sector company, vehicle builder Fiat, reported a further steep fall in profits to 1,555m (\$50m) pre-tax in the first half from 1,455m in the same period of 1991 because of falling demand. Page 17

UK minister quits UK cabinet minister David Mellor resigned after a barrage of newspaper stories about his affair with actress Antonia de Sancha and stories about his holiday in Abu Dhabi and with Mona Bauwens, daughter of a Palestinian Liberation Organisation member. Page 16; Editorial Comment, Page 14

Falling pound saves George Walker

Former Brent Walker chairman George Walker, left, who has debts of £150m (\$300m) was saved from bankruptcy when the falling pound pushed the value of his plan for phased repayment beyond the 75 per cent of total debt value needed to approve it. Page 16

Seas united A canal linking the Rhine and Main rivers in the north of Europe to the Danube in the south - thus connecting the North Sea and the Black Sea for the first time - opens today. Page 16

BA buys into France's British Airways, UK carrier, is acquiring a 49.9 per cent stake in the French regional airline Transavia Transregionale for £17.5m (\$30m), with an option to buy the rest. The move is part of BA's strategy to create a global airline. Page 17

Admirals sacked The US Navy sacked two admirals after the government found senior officers allowed pervasive sexism to cloud an investigation of an incident at a Las Vegas casino in which dozens of navy and marine pilots are alleged to have harassed at least 24 women.

Dow turns to D-Mark US chemical giant Dow said its European chemical operations would begin invoicing in D-Marks immediately, abandoning the use of local currencies. Page 17

Romanian outlook Elections in Romania this weekend are likely to produce a parliament where intolerant nationalists hold the balance between conservative former communists and a shaky coalition of reformist democrats. Page 4

Praise for Russians A World Bank report on Russian economic reform pays tribute to the government's ambitious programme of macro-economic stabilisation and to the patience of the population in tolerating the consequences of reform. Page 4

Vance and Owen fly to troubleshoot Peace mediators Cyrus Vance and Lord Owen today fly to Banja Luka in Bosnia to investigate reports of intimidation of Muslims and Croats. Page 4

Bank is optimistic French bank Crédit Agricole, which does not release interim figures, says it expects to achieve net profits growth of between 4 per cent and 6 per cent this year despite the competitive state of the French financial markets. Page 17

TV launch Arte, a Franco-German cultural television station, will be launched on Monday on French network TV. The bilingual station, based in Strasbourg, is already seen by cable television subscribers in France and Germany.

Warning from Wang US computer group Wang Laboratories is to restate its financial results for the fiscal year that ended on June 30 to reflect additional restructuring charges resulting from its bankruptcy filing. The charges could be "substantial and result in a sizeable loss for the prior fiscal year," Wang said. Page 19

Hungary on top The most popular east European location for the expansion of medium-sized companies is Hungary, a study shows. Page 19

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,821.2 (+0.7)	New York Composite	1,704.95
Yield	4.96	London	1,709.50
FT-SE Eurotrack 100	1,841.31 (+2.40)	DM	1,709.50 (2,255)
FT-A All-Share	1,234.41 (+1.48)	FF	1,837.75 (2,732)
Nikkei	14,999.95 (+327.25)	SFR	2,228.25 (2,237)
New York Composite	1,704.95 (+1.24)	Y	208.25 (205.25)
Dow Jones Ind Ave	3,251.50 (+1.24)	S index	33.1 (33.6)
S&P Composite	1,181.51 (+1.07)		
US LUNTIME RATES		DOLLAR	
Federal Funds	3.5%	New York Composite	1,704.95
3-mo T-bill	2.841%	DM	1,709.50
Long Bond	7.7%	FF	1,837.75
Yield	7.62%	SFR	2,228.25
LONDON MONEY		Y	208.25
3-mo Interbank	3.5%	London	1,709.50
Life long gilt	8.5%	DM	1,709.50
Life long gilt	8.5%	FF	1,837.75
MORTH SEA OIL (Argem)		SFR	2,228.25
Brut 15-day Nov	\$20.575 (same)	Y	208.25
Oil	\$20.575 (same)	S index	33.1
New York Crude (Sep)	\$24.65 (24.6)		
London	\$24.65 (24.6)	Tokyo close	128.25

Australia	Belgium	Denmark	France	Germany	Greece	Hungary	Italy	Japan	Latvia	Lithuania	Malta	Netherlands	Norway	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	Switzerland	Turkey	UK	USA
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

'Core' states could end Maastricht delay

Delors suggests Franco-German lead on treaty

By David Gardner and Andrew Hill in Brussels and William Dawkins in Paris

FRANCE and Germany could proceed to economic and monetary union with a small number of European Community partners if other countries held up the Maastricht treaty, Mr Jacques Delors, president of the European Commission, suggested last night.

Mr Delors, in a thinly veiled reference to growing British opposition to Maastricht, said, "If some countries are looking for alibis for delaying the treaty, it may well be that others take the lead... This cannot be ruled out."

Mr Delors was careful not to name the countries which could proceed to speedier integration. But his remarks were the most concrete indications to date that France and Germany may be considering forging closer links based on an "inner core" of EC states.

Speculation about a "two-speed" split in the Community under which a Franco-German "core", supplemented by the Benelux countries, would press ahead with political and monetary union - has been increased by this month's financial turbulence.

By throwing its full weight behind support for the French

Pointing a finger is pure speculation.....Page 2
Commission finds itself under siege.....Page 2
US and Japan shy from investing in UK.....Page 3
Japan ready to slow yen's rise against dollar.....Page 16
Capital markets.....Page 21
Currencies.....Page 46
World stocks.....Back page section II
London shares.....Page 39

france, the Bundesbank has underlined the intensity of Germany's political commitment to monetary ties with France. This has been in contrast to Germany's less enthusiastic support for maintaining parties with the lira and sterling - the two currencies which have now withdrawn from the exchange rate mechanism.

Pointing to the success of this week's Franco-German cooperation in defending the franc, Mr Delors said "the actions of every day bring us new lessons on how to proceed". Officials in Bonn and Paris, meanwhile, denied a German newspaper report that the two countries had agreed to press ahead with "high-speed" union.

Mr Dieter Vogel, the Bonn government spokesman, said, "These claims are invented and have no basis in fact." An official at the Elysée palace dismissed the story as "a flight of fancy".

However, this month's split between "hard" and "soft" European currencies has intensified the belief that a "two-speed" Europe is inevitable. Mr Delors would not be drawn on specific proposals to restore order to the ERM. "I have to be cautious," he said. "To have a stable market we need to fulfil certain requirements. But it's not really the moment to put forward proposals. It will be necessary to think either about the ERM or about accelerating the process of economic and monetary union."

In an unscripted attack on Maastricht's opponents, Mr Delors asked: "What do the partisans [of rejecting the treaty] propose instead? The short-term satisfaction of their public opinion and personal vanity. This is leading to decline and ridicule."

EC finance ministers will discuss possible reforms of the ERM at their regular meeting on Monday. British officials said the "shortcomings" of the ERM, underlined by Mr John Major, the British prime minister, would be discussed, in preparation for the special EC summit in Birmingham on October 16.

Dublin and Lisbon bring in tighter currency curbs

By Our Economics and Foreign Staff

IRELAND and Portugal yesterday introduced new foreign exchange controls to protect their fragile currencies, although signs emerged that some of the recent pressures in the European exchange rate mechanism were petering out.

While the punt and the escudo gained ground against the D-Mark, the battle to prop up the French franc appeared to be shifting in favour of the combined forces of the Bank of France and the Bundesbank.

This was signalled by the franc gaining about 1 centime on the day against the D-Mark, to close comfortably above its ERM floor, partly in response to the recent heavy action by the two central banks.

But the peseta was a notable weak performer, closing last night in London near its ERM floor after a large fall on the Madrid stock market sparked by Wednesday's introduction of exchange controls.

The Irish Central Bank yesterday tightened its foreign exchange controls to reduce selling pressure on the punt, which has weakened along with several other ERM currencies as investors have switched funds into the D-Mark.

This move led to Irish money market rates moving up by 7.25 percentage points against the base rate, while Portugal also introduced currency controls in an effort to stop money flowing out of the escudo.

In the past week, the pressures in the ERM have forced the suspension from the mechanism of the pound and the lira, while the peseta has been devalued by 5 per cent against the other eight currencies in the grid.

In Madrid the stock market fell to its lowest level in more than five years yesterday and bond yields rose to historic highs, as

investors sold domestic equities and debt following the introduction of exchange controls by the Bank of Spain.

The Commission will not say whether recent attempts by some member states to reimpose exchange controls are permitted under European Community legislation. A Commission spokesman said he had been instructed to make no comment.

Brussels had earlier confirmed it was looking at the Spanish decision. The Treaty of Rome calls for the free movement of capital across Europe, and a 1988 directive allows Spain, Portugal and Greece until the end of this year to remove capital controls.

Those three countries are allowed to reimpose controls if they consult the EC monetary committee, or, in an emergency, simply inform the Commission.

Other member states can agree to extend controls in Greece and Portugal until 1995, under certain conditions.

ICI and Du Pont near deal with Brussels on assets swap

By Andrew Hill in Brussels and Guy de Jouglaux in London

IMPERIAL Chemical Industries of the UK and Du Pont of the US are close to a compromise with European Community competition authorities which would allow both companies to proceed with a planned swap of worldwide chemical assets.

The outline agreement has been negotiated between senior executives of the two companies and Sir Leon Brittan, the EC competition commissioner. It will be discussed by advisers to the 17 commissioners today and put to the full Commission on Wednesday.

Two weeks ago, the EC's merger task force, which reports to Sir Leon, concluded that the ICI-Du Pont deal would have to be blocked, on the grounds that it would give Du Pont a dominant position in the Europe nylon carpet fibre market.

The deal involves ICI swapping its worldwide nylon interests for Du Pont's acrylic business and \$250m (£428m) in cash.

The companies had argued that it would be difficult to meet the task force's objections by divesting ICI's nylon carpet fibre business, because this is closely integrated with the rest of its fibre production.

Sir Leon is understood to have agreed a compromise involving ICI's fibres factory in Germany, one of three European plants to be transferred to Du Pont. The compromise is thought to fall short of a requirement that the factory be sold to a third party.

The Commission has been discussing with the two companies the possibility that part of the factory's capacity could be given up to a competitor, together with related research and development facilities.

A compromise should get the Commission out of a tricky political situation at a time when Brussels is under unprecedented pressure from member states to rein in its powers.



John Smith, using his parliamentary debut as leader of the UK opposition to make a strong attack on the economic policies of John Major, during Thursday's emergency Commons debate

UK says £ may be out of ERM for a year or more

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR put British membership of the European exchange rate mechanism on indefinite hold yesterday in the face of a bruising onslaught on the disintegration of his economic strategy.

In an emergency debate in the House of Commons, the prime minister said: "I do not believe that we shall be able to go back into the mechanism soon, or into the same mechanism we left."

Senior ministers said later that Mr Major meant Britain would probably be out of the ERM for at least six months and quite possibly for a year or more.

In his debut as leader of the opposition Labour party, Mr John Smith said Mr Major was now "the devalued prime minister of a devalued government".

Mr Major's speech followed an intense cabinet debate over the direction of economic and European policy, at which Mr Norman Lamont, chancellor of the exchequer, insisted on the dropping of the previous formula that

Labour leader's debut wins party acclaim.....Page 8
Maastricht treaty pledge from Major.....Page 8

the pound would be put back into the ERM "as soon as conditions allow".

To the fury of Euro-sceptics in his Conservative party, Mr Major said he would not renege on his commitment to ratify the Maastricht treaty. Mr Major declared there was no future for Britain

as a "sour, isolated country off the mainland of Europe".

But he set a new condition for implementation of the agreement on European union. Mr Major said the European Community would have to give substance to the notion of subsidiarity - the devolution of decision-making. He reminded critics that the treaty would fall if Denmark did not reverse its No vote and concluded that his agenda was at the forefront of the European debate.

Mr Major did not spell out the reforms the UK will be seeking. In an effort to reassure markets that the devaluation of the pound and the subsequent cut in interest rates did not signal a willingness to accept a surge in inflation, Mr Major emphasised his determination to stick to public spending targets.

ELONEXTRAORDINARY

Elonex have taken entry level computing to new heights with the Elonex PC-4200X, 20MHz 486SX, which at only £795 (excl.VAT), brings staggering performance within reach of the tightest budget.

Low radiation Super VGA colour monitor, 50MB hard disk, 2MB RAM, mouse, MS-DOS and Windows 3.1 software come as standard, but what turns an extraordinary bargain into an extraordinary one is that it's fully upgradeable for faster processing, right up to the mighty power of a 66MHz machine.

All Elonex's upgradeable PCs are backed by our nationally renowned after sales support, including 12 months free on-site maintenance, so you needn't worry about the future.

Take the plunge, call Elonex now on 081 452 4444.

The first look at the new 486SX PC components of Intel Corporation.

ELONEX
PERSONAL
COMPUTERS

LONDON Tel: 081 452 4444 Fax: 081 452 4477
BRADFORD Tel: 0774 307226 Fax: 0774 307294
PARIS Tel: (1) 40.85.85.40 Fax: (1) 40.85.84.83
BRUSSELS Tel: 021.475.18.20 Fax: 021.475.18.20

NEWS: THE ERM AND MAASTRICHT

Commission finds itself under siege

Pointing a finger is pure speculation

James Blitz and Emma Tucker on who brought Europe's currencies down

By Lionel Barber in Brussels

A SIEGE mentality grips the Breydel, the ultra-modern building in the centre of Brussels and home of the much reviled, much misunderstood European Commission.

As the dream of a centralised European union of 12 states built around the Maastricht Treaty has faded, the Commission's 12,000 staff fear they have become the whipping boys of the European Community. At best, they admit, the glorious 1990s when the Commission reached the peak of its power will not be repeated for a long time to come.

This week, many of the Commission's fears were confirmed when German Chancellor Helmut Kohl launched a fierce attack on the Brussels bureaucracy. Citing European public opinion, he said Brussels was "too powerful, constantly expanding, and exterminating national identities".

Mr Graham Meadows, an expert on regional policy who has worked for 17 years at the Commission, says the scale of criticism is becoming unbearable. "It is getting to the point where you are putting the Community in jeopardy; all this criticism is sapping the institution's confidence."

Mr David Williamson, secretary general of the Commission, the top job in the Brussels bureaucracy, is less apocalyptic. But he agrees that ever since Danish voters rejected the Maastricht Treaty on European political and monetary union last June, it has suited friend and foe alike to single out the Commission as a power-hungry, centralising technocracy.

The result, he says, is that the Commission is exercising restraint. All legislative directives are on hold to check whether they are really necessary. The Commission's workload has dropped sharply. Elsewhere Mr Pascal Lamy, the powerful chief of staff to

Commission president Jacques Delors, has asked all EC member states to send in examples of Commission meddling.

Yet Mr Williamson, who used to advise Mrs Margaret Thatcher on Europe when she was British prime minister, correctly points out that it is not the Commission but the member states themselves who usually put forward the most controversial proposals - and who introduced 94 per cent of all legislation in 1990. And, he stresses, it is the member states themselves who bear the ultimate responsibility for passing the legislation through the European Council.

So why is the Commission suddenly in the firing line? It has long suited EC ministers to blame Brussels when they have had to compromise or lose in Council debates; this tendency increases in hard economic times.

Mr Meadows argues that weaker European leaders have become expert at "laying off" blame for their own domestic problems. "That's why the British have blamed the Germans for the devaluation of the pound," he says.

The big loser in the current blame game is Mr Delors, the architect of the 1992 single European market and the driving force along with Mr Jacques Delors, the President of the Maastricht Treaty. No one should count Mr Delors out; he is too much of an intellectual force and bureaucratic fighter to be written off.

But as one senior EC official said recently, Mr Delors was only as strong in the 1980s as the member states allowed him to be.

Now that the public in key

AFTER the unprecedented turmoil on the foreign exchanges in recent weeks, politicians and popular newspapers are baying for blood.

In Britain, Italy and Spain, politicians and central bankers are pointing accusing fingers at the speculators in the banks for forcing their currencies into humiliating devaluations.

As the French franc battled against devaluation this week, Mr Michel Sapin, the French finance minister, warned that during the French revolution speculators were beheaded.

Mr Norman Lamont, the UK Chancellor has described the "huge speculative flows" that drove the pound out of the exchange rate mechanism as a "whirlwind".

Foreign exchange analysts maintain that this is too simple a view of the market. "The foreign exchange market involves everybody from people going on holiday to government pension funds," said Mr Jim O'Neill, research head at Swiss Banking Corp in London.

"The number of people who can be involved is enormous and the idea that it was just speculators at the banks causing all the problems last week is utter rubbish."

There is little doubt that some interbank dealers have made big profits from the recent devaluations. It has been in the dealers' interests to sell sterling, the lira and the peseta when the currencies were at their floor levels in the exchange rate mechanism, forcing a devaluation. The dealers could then buy the currency back for less money at the devalued rate, and make a profit on the difference.

But bank dealers say that such speculation formed only a small part of the recent trading in European currencies, and that strict guidelines limit the amount by which they can speculate. Mr Peter Wood, Barclays finance director, said:

"Barclays has strict prudential position limits, agreed with the Bank of England, that control our ability to take risks in the markets."

Foreign exchange analysts believe there are three other types of investors who, through the banks which operate on their behalf in the foreign exchange markets, in effect forced sterling, the lira and the peseta to devalue in recent days.

Corporate treasurers, who took fright and sold the currencies as devaluation loomed. UK importers, for example, would have wanted to protect themselves from the greater costs of a sterling devaluation by buying D-Marks.

This was potentially a big movement of funds. It is said by critics of the way in which the foreign exchange markets operate that only 5 per cent of transactions carried out daily reflect underlying movements in trade between countries, while the rest is pure speculation. But one London-based analyst disagreed, saying that the 5 per cent did not take into account the boom in currency hedging by big corporations since the mid-1980s.

The huge fluctuations in the dollar/D-Mark rate in the 1980s encouraged companies then to buy forward contracts and swaps to protect their trading positions. "This dealing puts the figure for corporate-based trade in the market at 20 per cent," he says.

Pension and investment fund managers in the US, Europe and Japan, an even bigger group of players, who have developed big currency exposures in the last five years.

These institutions can have a much bigger potential impact on the foreign exchange market than the interbank dealers. A currency dealing room at a leading foreign exchange bank will have tens of millions of pounds with which to buy cur-



The Old Lady of Threadneedle Street: mugged or managed into submission?

rencies in the market on a daily basis. But a big pension fund is able to move funds into different currencies at the tens of billions of pounds if it so wished.

These investment funds invested heavily in currencies with the globalisation of the securities market in the mid-1980s. They bought currencies to hedge themselves against the risk that their underlying assets would lose their value with currency movements.

These investment funds invested heavily in currencies with the globalisation of the securities market in the mid-1980s. They bought currencies to hedge themselves against the risk that their underlying assets would lose their value with currency movements.

These investment funds invested heavily in currencies with the globalisation of the securities market in the mid-1980s. They bought currencies to hedge themselves against the risk that their underlying assets would lose their value with currency movements.

Although they take a long-term view of the markets, the big funds, especially in the US, were widely reported to be selling sterling in huge quantities last Wednesday.

A broad range of investors around the world who bought currencies such as sterling and the lira in the mid-1980s for speculative reasons. The currencies had high interest rates attached and were believed to be an increasingly safe bet as the European Monetary Union project developed and inflation rates converged.

Mr Brendan Brown, head of research at Mitsubishi Bank in London, estimates that £40bn to £50bn worth of short-term capital flowed into the UK between 1985 and 1992 from investors attracted by high UK interest rates. Britain's entry into the ERM, which tied sterling to the D-Mark and added the prospect of lower inflation, encouraged the investors further.

This investment in the pound was massively reversed this summer. A fund manager at a large US bank has pointed out that Middle East and Far East clients were becoming increasingly worried about sterling ever since devaluation started to be mentioned by backbench politicians in the UK as early as June.

"If only 20 per cent of those who had bought sterling pulled their money out of the UK last week that would have accounted for the selling of £10bn," said Mr Brown.

The big winners in the sterling crisis according to Mr Brown, were not the interbank dealers, but these short-term investors in sterling.

"By buying the pound in the 1980s, they got a high return on the investment. When the Bank of England bought sterling last Wednesday, it in effect allowed these investors to get out of the currency without incurring any losses."

London thrives as biggest foreign-exchange centre

By Peter Norman, Economics Correspondent

LONDON has continued to build up its position as the world's biggest foreign-exchange trading centre but its business is shifting to non-dollar currency trading and the forward markets, the Bank of England said yesterday.

Reporting on a survey of foreign exchange activity in April this year, the Bank said total average daily turnover in spot and forward transactions increased to \$303bn (£177.1bn), some 62 per cent higher than at the time of the previous survey in April 1989.

London accounts for about 30 per cent of global foreign-exchange turnover of about \$1,000bn a day. The US markets are the second most

important, handling \$192bn in currency transactions daily for a rise of 49 per cent over the three years, while the Japanese market ranks third with \$128bn turnover, up 10.8 per cent.

The survey found that the bulk of activity in London continues to be in trading sterling against the US dollar and in the D-Mark against the dollar. But while the dollar/D-Mark trade showed little change in market share since 1989, moving up slightly to 23 per cent from 22 per cent, sterling-dollar trading fell sharply to 19 per cent of total turnover from 27 per cent. Trading involving the D-Mark and currencies other than sterling grew over the three-year period.

In another shift, the share of total turnover accounted for by

spot business fell by 14 per cent to 50 per cent of the total, reflecting a big jump in the market share of forward trading to about 50 per cent.

Forward trading volumes grew by 125 per cent from \$85bn in 1989 to \$192bn in 1992, while spot trading advanced 24 per cent to \$147bn from \$119bn. The main factor behind the expansion of forward trading was the growth of the swap market.

The Bank surveyed 352 banks and investment houses and 13 brokers for its survey. It found activity had become more heavily concentrated among big players, with the 10 most active organisations holding a combined market share in London of 44 per cent compared with 35 per cent for the top 10 in 1989.

By Robert Taylor, in Stockholm

THE SWEDISH government will introduce legislation this autumn designed to protect the country's financial system and secure credit supplies, it announced yesterday.

With Sweden's banks facing estimated credit losses totaling SKr90bn (£9.5bn) over the next five years, contingency action by the state is seen as vital to safeguard their activities.

The legislation will involve a state guarantee to underpin commercial banks and their subsidiaries and also other credit institutions, including the building societies which have a government affiliation.

The Finance Ministry said the aim was to reassure house-

holds, enterprises and other holders of claims that their finances will be safe, by creating a framework for the functioning of the banks and their subsidiaries. The cost of this rescue plan has not been revealed.

"The aim is to secure credit facilities and make it possible to finance housing," said Mr Bo Lundgren, tax minister. "It will also strengthen overseas confidence in the whole of the financial system." The government's commitment would remain as long as necessary and when it was phased out it would be done in such a way as not to jeopardise the interests of creditors, he said. Housing interest rates fell yesterday as a result.

The proposals reflect government anxiety at the continuing

deterioration in the position of Sweden's financial sector. Three days ago Standard and Poor's, the US credit agency, placed 13 of Sweden's leading financial institutions under review for possible downgrade.

The state has already been forced to intervene this year to save Nordbanken with SKr20bn worth of grants and guarantees and Forsta Sparbanken with SKr7.3bn and more recently the Gota Bank, a rescue plan for which is still being worked out.

The government is worried that other banks and financial institutions will also need financial support in the coming months if they are to avoid collapse. Mr Lundgren said that he did not rule out direct state ownership of a bank if this was necessary.

Paris holds the fort on the franc

William Dawkins wonders how long economic rectitude will be tolerated

By William Dawkins

FRANCE has been part of currency speculators' motives for hammering the French franc in recent days.

They appear to doubt that the unpopular French government can maintain the virtuous economic policies of the last decade and fear that the franc's link with the D-Mark will snap as a result - despite assurances from the Bundesbank, the Banque de France and most economic analysts that the franc/D-Mark parity is justified by France's past economic performance.

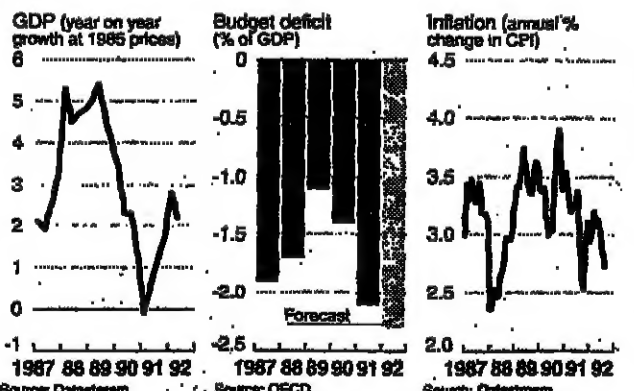
There are, however, questions over French economic policy, even if the risks of deviation are slight by the standards of some of less economically stable neighbours.

The national divisions exposed by the Maastricht campaign and the very narrowness of France's "petit out" for European union do not just imply popular dislike for the treaty. They also indicate discontent with the human costs of the government's policies of competitive disinflation, which are exactly in line with the treaty's criteria for monetary union.

So France's close call over Maastricht invites the question of how much longer its electorate will tolerate rigorous monetary and economic policies and how the government might respond to this pressure.

France has for eight years suffered among the highest rates of unemployment - a record 2.9m or 10.3 per cent in July - in the Organisation for Economic Co-operation and

France



Development (OECD), the main blight on an otherwise resilient economy.

This is partly a consequence of successive governments' rigid adherence to competitive disinflation and maintaining the franc/D-Mark parity, policies which leave almost no room for stimulating the domestic economy in hard times.

Despite the government's entreaties to industry to show more optimism, output rose by a mere 1.25 per cent in real terms in 1991, according to the OECD, and should rise just 3 per cent this year. Even that will be hard to achieve, given that the latest survey from Insee, the state statistics institute, reports that growth practically ground to a halt in the second quarter of this year.

The big reward of French government's monetary and budgetary rigour has been one

of Europe's lowest inflation rates. France's annual inflation, currently at 2.7 per cent, dipped below Germany's in June 1991 for the first time since the early 1970s and looks set to hold that advantage.

Just how tough has been the control in the money supply is underlined in the latest figures for bank credits, up 4.7 per cent in France in the first six months of the year, as against 11 per cent in Germany over the same period, according to Crédit Lyonnais.

All this has fed through to significant gains in industrial competitiveness, with hourly wage costs 16 per cent below those in Germany. The reward has been a sharp improvement in the trade balance, with a surplus of FF19.50bn (£2.2bn) in the first eight months of this year, against a deficit of FF29.50bn for the same period in 1991.

Some of this has been due to a one-off surge in export demand from German unification, as underlined by the fact that France's trade account swung sharply into a FF30bn deficit last month from a FF30bn surplus in June. Even so, the French government is convinced that there is a real improvement in industrial competitiveness which will bring lasting gains on export markets.

So far, successive governments have held the line, helped by a more or less solid consensus on economic policy. But last weekend, the political establishment received a slap in the face from the provincial electorate, which complains that the elite - whether in Paris or Brussels - is out of touch with its concerns.

The shadow of legislative elections next March and a possible snap presidential election can only increase the temptation for political parties to deviate from the stern economic line of the past.

The evidence against this happening, at least on the interest rate front, has been encouraging in the past few days. A U-turn by Mr Michel Sapin, the finance minister, is the prime example. He hinted last week that a Yes to Maastricht might open the way to lower French interest rates. But he did not hesitate to raise them on Wednesday when needed to defend the franc, even if it meant appearing to go back on his word only three days after the vote.

As far as French interest rates are concerned, the sky is

the limit. France is not like the UK. It will not let itself be beaten by the speculators," argues Mr Bernard Godement, senior French economist at Nomura Research Institute.

On budgetary policy, the outlook is less clear. Here, France is still a good pupil, but the record has slipped fractionally. The government has pledged to keep the budget deficit this year well below the 3 per cent of gross domestic product ceiling set out as a criterion for monetary union in the treaty. The OECD believes the deficit will come out at around 2.3 per cent of GDP this year. But it is on a rising trend, due mainly to the fall in tax revenues caused by the economic slowdown, but also to the government's need to spend on pressing social problems, such as job training for the unemployed and farmers' support.

Until two years ago, the Socialist government had trimmed the deficit by FF10bn or so a year, following the trend of the previous Gaullist administration. Since then, the deficit has crept up again, from 1.4 per cent of GDP in 1990 to 1.9 per cent last year, when it hit FF131.7bn, well over the government's initial target. It could reach FF150bn-FF180bn this year, according to official and market estimates.

The final figure will be known when the government tables its 1993 budget on September 30, a week late because of the turmoil in the currency markets. That could well give the markets the information they need to come to a more stable valuation of the franc.

Norway's EC plans go ahead

By Karen Fosell in Oslo

NORWEGIAN sentiment about Europe is little changed from 20 years ago when it rejected European Community membership - a poll published yesterday showed 50.1 per cent opposed to joining.

Mrs Gro Harlem Brundtland, the prime minister, intends none the less to lodge a fresh membership application before the end of 1992. She expects to be given a mandate to reapply during the Labour Party congress in November.

With support of the main opposition Conservative and Progress Parties, Mrs Brundtland will have the necessary parliamentary backing.

The Financial Times (Europe) Ltd. Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Mittelstrasse 36, 6000 Frankfurt-am-Main 1. Telephone 49 69 56550. Fax 49 69 5964481. Telex 416123. Represented by E. Hugo Managing Director. Printer: DVM GmbH-Hilfstrasse International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer, Main shareholders: The Financial Times Limited, The Financial Times New Limited. Publishing director: J. R. Hiley, 181 Rue de la Harpe, 75004 Paris Cedex 01. Tel: (01) 497 0601. Fax: (01) 497 0620. Editor: Richard Lambert. Printer: SA Nord Eclair, 1521 Rue de Clichy, 91000 Evry-Courcouronnes. ISSN 1145-2753. Compositors: Parisisse No 67688D.

Financial Times (Scandinavia) Immeliskaftet 42A, DK-1161 Copenhagen 22, Denmark. Telephone (33) 13 43 41. Fax (33) 93335.

Japan weighs the good and the bad of rising yen

Banks stand to gain, but much else will suffer, writes Charles Leadbeater

TRAVEL agents in Tokyo's Ginza shopping area were doing a brisk trade yesterday afternoon as Japanese tourists eagerly counted the falling cost of an autumn holiday in the US.

Tourism apart, however, the yen's rapid rise against the US dollar which fell to a post-war low yesterday of ¥120.25 - could cast an additional shadow over a Japanese economy which is flagging under the burden of stagnant consumption, deep cuts in corporate investment, falling profits and a banking system riddled with bad debts.

The yen has risen as investors have retreated from Europe's turbulent currency markets, confused about the prospects for monetary co-ordination and worried about the prospects for growth in Germany. The Japanese are repatriating funds to seek a safe haven.

However, the yen's strength is not simply a side effect of the currency turmoil in Europe and nor is it likely to fade quickly.

The yen has strengthened 10 per cent against the D-Mark since the start of September and by 5 per cent against the US dollar, according to Mr Paul Summerville, senior economist at Jardine Fleming Securities.

The consensus among Tokyo analysts is that the dollar could weaken to ¥115 and possibly fall as low as ¥105. The outlook for the US economy is still uncertain in the run up to the presidential election in November. However, many industrialists and financiers in Tokyo believe the Japanese economy crossed a watershed with the announcement last month of a ¥10,700bn (¥52bn) emergency government spending package. At the least, that has given the economy a breathing space which could last a couple of months.

The prospect of a stronger yen will fuel speculation that the Bank of Japan may further cut its official discount rate which was lowered by half a point to 3.25 per cent in July. The Bank has insisted it will only cut rates further if it judges that the domestic economy

needs to be stimulated, not as part of a concerted international effort to encourage growth.

The Bank's problem is that the domestic economy will be clouded by a sustained rise in the yen. The authorities will have to weigh the costs and benefits it will bring to different sectors of the economy.

Exporters could be hit severely. Many medium-sized manufacturers claim they need an exchange rate of ¥120 to ¥125 to break even. Large Japanese manufacturers invested heavily in plants overseas in the late 1980s and so are better placed to deal with a yen appreciation than they were in 1985 when they were much more dependent on exports.

The domestic economy is in such a weak state, however, that exports have been one of the few sources of growth. The authorities will not want it killed off.

A stagnant domestic economy will be further clouded by a sustained rise in the yen

The case for an interest rate cut to restrain the yen will be strengthened by three other factors. The appreciation amounts to a tightening of monetary policy at a time when money supply growth is minimal. A strong yen will create more downward pressure on inflation, thereby raising real interest rates and hindering the banks efforts to deal with their bad debts. The government will soon have to decide how to finance its rising spending; if it borrows heavily interest rates could be pushed up.

However, the authorities may not want to take too much of the steam out of the yen.

A resurgent yen would help to curb Japan's politically sensitive ballooning current account surplus which grew by 94 per cent to \$56.2bn in the first six months of the year as import demand fell away and manufacturers turned to exports.

The biggest beneficiaries from the yen's appreciation could be the banks, which are at the heart of the economy's weakness. The fall in stock and property prices has eroded the equity base, as they have been hit by a rising tide of bad debts on loans made to customers who got caught by the puncturing of the speculative bubble economy of the late 1980s. Investment, especially by small and medium-sized companies, and consumer spending is unlikely to revive until banks are in better shape to lend, pumping more liquidity into the economy.

Indeed, Japanese financial institutions may have brought funds home as a precaution while they assess their bad debts in preparation to disclose a revised figure next month.

The yen's strength could help the banks in two ways. First, the prospect of cuts in interest rates could underpin the recent stock market rally which yesterday took the Nikkei average up 327.23 to 18,609.95. With the Nikkei above 18,000, banks should have enough capital to meet their Bank for International Settlements requirements for capital adequacy ratios and so could contemplate renewed lending.

Second, a large portion of Japanese banks lending is in the US, denominated in dollars. A rise in the yen against the dollar is an automatic strengthening of bank balance sheets for the purposes of their US operations. That means they will be under less pressure to raise new equity as the base for their Japanese operations.

According to Mr Summerville: "With the Nikkei at 18,000 and the dollar at ¥120, all but one of the banks should be home."



Following the turmoil on currency markets in the past few weeks, US Treasury secretary Nicholas Brady wants a study of global capital flows

US call takes Europe by surprise

By Peter Norman, Economics Correspondent

THE US call for a study of global capital flows and their impact on the world monetary system caught European policy makers by surprise yesterday, although it is likely to be taken up in the months ahead. It emerged yesterday that the proposal, made in a speech on Wednesday to the annual

meeting of the International Monetary Fund by Mr Nicholas Brady, the US treasury secretary, had not been discussed with European finance ministers during the past weekend's monetary meetings in Washington.

It is understood that Mr Lamberth Dini, the chairman of the Group of 10 deputies which Mr Brady has asked to carry out the study, only

learned about the US plan after returning to Italy from Washington yesterday.

However, European nations are certain to examine the idea of the study, which Mr Brady has sought in his present capacity as chairman of the G10. That does not mean that it will be easy to come to joint conclusions. It is also uncertain whether it could be completed in less than a year.

The events of the past two weeks in which short term capital movements have challenged the parity of the French franc and overwhelmed central bank defences in Italy, the UK and Spain have prompted some European policy makers to consider ways of somehow regulating the flows on a more permanent basis than the temporary reimposition of capital exchange controls as in Spain

on Wednesday and Ireland and Portugal yesterday.

"There has to be a rethinking," said one senior European monetary official. "These flows cannot be allowed to undermine our economies."

Mr Brady's proposal is an about-turn by the US which about six months ago opposed any move that might impinge on capital movements.

Falling profits put pressure on institutions

US and Japan shy from investing in UK

By Our Foreign Staff

INSTITUTIONAL investors in Japan and the US have been expressing caution about UK investments amid the currency turmoil.

Although some in the US see advantages from the floating of sterling, Japanese fund managers in particular said they had become more wary of investment in UK financial markets.

Mr Eiji Arima, manager of foreign exchange at Nippon Life Insurance, said the company is "negative about investment in the UK" until it returns to the European exchange rate mechanism.

"We think it will take a long time for the UK economy to recover. We will be watching the currency situation closely and hope that it will be settled quickly," he said.

The souring of Japanese investor sentiment came after a surge of interest in UK securities last year, when net purchases totalled \$14.5bn, up from \$1.96bn in 1990.

Net purchases of UK securities, mostly bonds, accounted for 19.9 per cent of all Japanese purchases, behind only the US, which accounted for 31.3 per cent.

Mr Arima said sudden currency fluctuations intimidate Japanese institutional investors, some of whom have suffered large currency losses in recent years.

Meanwhile, the slowing of the Japanese economy and sharply falling profits have put extra pressure on institutions to take no risks this year.

Mr Shunpei Kawate, investment strategist at Yasuda Trust and Banking, said investors are interested in longer-term bonds, but there is "a real fear that the monetary order will change dramatically" in coming weeks.

"We have to exercise great

discretion in case sterling or the German mark fall suddenly. It's not only the UK, but all of Europe. We are waiting to see how far interest rates can be cut," Mr Kawate said.

"Germany will probably cut rates some time in the near future, and other European countries will follow. We will watch for the timing, as it will make long-term bonds attractive."

Many US fund managers are pessimistic about the impact of ERM withdrawal and lower interest rates on UK prospects. Mr William Holmes, who runs the Scudder Global Fund in New York, has not changed his opinion in light of sterling's withdrawal from the ERM or the cut in interest rates.

'Prospects remain bleak because of insufficient reinvestment in the physical UK economy.'

"My view is that the domestic part of the economy, those companies that sell their products within the UK... their prospects remain bleak over the long term because of insufficient reinvestment in the physical UK economy."

As for the future, "with everything in a state of flux", Mr Holmes remains extremely cautious about investing in the domestic UK economy.

He does not believe the devaluation of sterling will be a great help: "If devaluing was the route to economic prosperity, Brazil would be very successful and Argentina not far behind."

A sharply different view of the UK came from Mr John

Hickling, international portfolio manager at Boston-based Fidelity, the largest fund group in the US. He was bearish about the UK until very recently, primarily because he never believed the ERM would work.

"Since early 1990 my opinion has been that it would be extremely difficult to maintain a system with economies at such divergent points in the economic cycle."

Consequently, he was "extremely pessimistic about the UK from an earnings standpoint because of the contrary, deflationary system" that was the ERM.

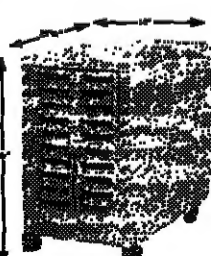
Now that sterling has been taken out of the ERM, however, and UK interest rates lowered, Mr Hickling's opinion on prospects for investing in the UK has changed. He says: "The UK now, fundamentally speaking, has done what needed to be done. Lower interest rates, freedom from the yoke of German monetary policy and a weaker currency are all positive for corporate profits and earnings in the UK."

Since last week Mr Hickling has been considering rearranging his portfolio, moving from the purely defensive positions he has been holding in utility stocks into interest rate sensitive and early cyclical sectors, such as financials (especially insurance companies and brokers), health and household companies and house-builders.

Sterling's weakness, however, poses a problem for dollar investors like Mr Hickling, but because Fidelity's management policy has always been not to hedge against currency movements, there is nothing he can do about it.

By Robert Thomson in Tokyo and Patrick Harverson, Karen Zagor and Martin Dickson in New York.

Data General trumpets the open storage system news to IBM, SUN, HP, UNISYS and ICL users!



24 BILLION BYTES IN 2.75 SQ. FT!

CLARiion from Data General—the faster, smaller, UNIX® open storage systems that connect to IBM, SUN, HP, UNISYS and ICL for a price that's music to your ears!

Computer companies everywhere have been making a lot of noise lately about UNIX® open storage systems. The problem is that's all they have been making—noise! At Data General, we've gone quietly about our business and have actually created remarkable open storage systems called CLARiion. And CLARiion is one call everyone should heed because CLARiion connects to the UNIX systems-based IBM RS/6000, the SUN SPARCserver 600 series, HP 9000-800 series, UNISYS U6000 series and ICL DRS6000. Its RAID technology vastly increases the storage capacity and high availability of these systems. And CLARiion does it all for a price that's so low it will fit right in with the rhythm of your budget. So if you want uninterrupted data access, data loss protection, low cost data redundancy and increased disk performance, all of which you can maintain yourself, think CLARiion and call Dave Chalmers on 081-758 1111, or fax him on 081-758 6758.



CLARiion™ OPEN STORAGE SYSTEMS

NEWS: EUROPE

Vance and Owen to fly to troublespot

By Frances Williams
in Geneva and
Judy Dempsey in Belgrade

PEACE mediators Mr Cyrus Vance and Lord Owen today fly to Banja Luka, seat of the self-proclaimed Serbian Republic of Bosnia, to investigate reports of growing tension and intimidation of Moslems and Croats.

The two said they were "deeply concerned" about reports "indicating a build-up of tension, bomb incidents, and intimidation with the potential threat of violence and the development of an ethnic cleansing campaign". They urged both the Bosnian Serbs and the rump Yugoslavia to take immediate steps to reduce tensions in the area.

Mr Fred Eckhardt, spokesman for the two mediators, said Mr

Radovan Karadzic, the Bosnian Serb leader, had agreed to join Mr Vance and Lord Owen in Banja Luka. Mr Dohrica Cosic, president of the rump Yugoslavia, had pledged his "complete co-operation" with the investigation.

The United Nations High Commissioner for Refugees and the International Committee of the Red Cross, both of which have staff in Banja Luka, said yesterday that tension in the town had been rising for some weeks.

Mr Fernando del Mundo of the UNHCR said a bomb had exploded at the Banja Luka hotel last Monday and there had been another bomb incident on Tuesday. He had no information on casualties. Many non-Serbs had already left Banja Luka for Croatia, often under duress.

Mr Claude Voizat, spokesman for the ICRC, said the town was "very tense". The ICRC has a 10-strong delegation in Banja Luka which is trying to negotiate the evacuation of Serb-run camps in the area, including Manjaca and Trnopolje with about 4,000-5,000 prisoners.

Aircraft flying out of Banja Luka, the main airport, have recently been used to bomb the eastern city of Visegrad, the northern town of Brcko, on the Croatian border, and the eastern Bosnian town of Tomislavgrad.

When the Yugoslav federal army withdrew from Bosnia in May it left 24 aircraft. Bosnia's Serbs also have 24 helicopters which are used for re-supplying Serb forces. The helicopters can carry anti-tank missiles.

Croatia tightens grip on south-west Bosnia

By Judy Dempsey

CROATIA yesterday moved to consolidate its grip over south-western Bosnia-Herzegovina by signing a military alliance with the Bosnian government.

The alliance coincides with fresh moves by President Franjo Tudjman to end the United Nations mandate in Croatia so that Croatia can regain control over its territory.

At present UN peace-keeping forces in Croatia are located in three sectors seized by Serb forces last year. The Croatian press has recently stepped up a campaign against the UN, accusing it of consolidating Serb gains in the republic, and preventing Croat refugees from returning to these sectors.

But UN officials said yesterday the ethnic tensions in the sectors prevent the refugees from returning. They added that if the UN forces withdrew, Croatia could be plunged into another war.

Military experts in Belgrade yesterday said Croatia was now heavily armed, despite the UN arms embargo on the former Yugoslavia.

However Mr Goran Hadzic, leader of the militant Serbs in sector east, the UN-protected region in eastern Croatia, yesterday said his forces would never live in an independent Croatia. He also vowed to fight until it was united with Serbia.

The military alliance with Bosnia, drawn up last June by Mr Tudjman, was signed by Bosnian president Alija Izetbegovic in an attempt to defend his territory against Serb forces which have already seized large parts of eastern Bosnia, and have maintained a five-month siege on Sarajevo.

But instead of supporting the Bosnian/Moslem forces, as agreed in June, Croatian units seized parts of western Bosnia and regions around Sarajevo, and even prevented supplies reaching Bosnian troops.

As a result, Bosnian forces are now sandwiched between Serb and Croat army units intent on dividing the republic between Croatia and Serbia.



A Serbian soldier fires a howitzer near Skander Vakuf, Bosnia, yesterday

EC move over attacks on aircraft

By Robert Rice,
Legal Correspondent

EUROPEAN justice ministers meeting in London next week are to consider legal action against Yugoslavia over the shooting down in January of an Italian helicopter attached to the EC monitoring force.

The Yugoslav federal air force was blamed for the attack, in which six people were killed.

The proposal, under discussion by ministers at the request of Italy, is for the Community to sue what remains of the Yugoslav state for damages in the International Court of Justice in The Hague.

There is no precedent for legal action by the Community as a whole in this type of case, and ministers have to decide whether the EC has the right to launch legal proceedings in the International Court.

It is thought the Italians may also want to widen the scope of the action to include the shooting down at the beginning of September of an Italian relief flight to Sarajevo, in which four crew were killed.

Ministers also hope to reach agreement on extending the jurisdiction of the European Court of First Instance in Luxembourg.

The CFL, which was set up in 1989 to ease the workload of

the mother court, the European Court of Justice, deals only with competition and EC staff cases.

Several member states, including Britain and Germany, want to cut delays in the EC's legal machinery by transferring jurisdiction over anti-dumping, state aid and agricultural quota cases from the ECJ to the CFL.

The move is opposed by Italy, Spain and to a lesser extent by France and Greece, largely, it is believed, because they do not want the handling of anti-dumping cases speeded up.

Challenges to the imposition of dumping duties by the Euro-

pean Commission can take up to two years to be dealt with by the ECJ. This delay offers considerable protection from competitively-priced imports from outside the EC during that time.

The two-day meeting will also discuss an initiative from Britain to set up an independent EC law reform body to undertake the consolidation and clarification of Community legislation, much of which is inaccessible and unnecessarily complex.

The Commission is expected to oppose this initiative because of fears it could threaten its role as EC policy maker.

NEWS IN BRIEF

EBRD to help with Ukraine's asset sales

THE European Bank for Reconstruction and Development yesterday announced an Ecu2m (\$2.7m) programme to help privatisation in Ukraine, writes Sara Webb.

Mr Leonid Kravchuk, the Ukrainian president, wants to privatise almost all state assets.

The EBRD, brought in to advise Kiev on its privatisation programme last December, said it was appointing a team of western consultants.

They include Roland Berger & Partners, the German management consultants; Morgan Grenfell, the London merchant bank owned by Deutsche Bank; and Squire, Sanders & Dempsey, the US law firm. The EC is paying the Ecu2m cost.

The EBRD is keen to encourage foreign investors to buy Ukrainian enterprises and said it would make its own financial commitment in the first pilot privatisations.

Baltic atom waste fears unfounded

Fears of radioactive leaks from nuclear submarines scuttled by the Soviet military appear to be unfounded, writes Brown Maddox.

A Norwegian-Russian team has been sampling water between Finland and Russia where it is believed the Soviet navy dumped radioactive waste from up to 12 nuclear submarines and three ice-breakers in the 1960s. Norwegian and Finnish fishermen have feared leaking radioactive waste could contaminate fish.

The European Community yesterday signed a new convention to fight pollution in the Baltic, one of the world's dirtiest seas, with the countries which discharge waste into it.

Germany charges spymaster

Germany yesterday charged communist spymaster Mr Markus Wolf with spying and treason for running at least 12 agents against Bonn during the cold war, Reuters reports.

The prosecutor's office said Mr Wolf, who headed East Germany's spy network from 1953 to 1986, had up to 600 agents in West Germany.

Germany's constitutional court has yet to rule whether Bonn can try East Germaners for espionage, since they acted within the laws of a sovereign state and did much the same work as West German spies.

Russian reforms facing biggest test

By John Lloyd in Moscow

A WORLD Bank report on Russian economic reform, under discussion by the bank's board, stresses the need for tight monetary policy - to which the Russian government has again committed itself.

The report pays tribute to the government's ambitious programme of macro-economic stabilisation, and to the remarkable patience of the population in tolerating the harsh consequences of reform, but says that the commitment to reform will now be severely tested, in that the scope for relatively painless adjustments

has been exhausted.

The report notes:

- Inflation for 1992 is expected to be 2,200 per cent.
- Oil production has declined by 1m barrels a day, each day for the past two years, and may fall even more rapidly. Investment of \$25bn may be required over the next decade to arrest the decline.
- The government has inherited a vast, loss-making industrial structure.
- The financial structure is wholly inadequate for the tasks of reform, with much lending neither competitive nor market-based.
- The central bank has neither the staff nor the authority to force the [commercial] banks to obey its mandates.
- There are great difficulties in implementing policy, exacerbated by a lack of trust within the civil service between reform-minded officials and those who have seen their power and prestige diminished as a result of the reforms.
- The report estimates the government's external financing requirements for 1992 at about \$22bn, and says that two-thirds of this must come from export credit agencies and from international financial institutions.
- However, it warns that failure to set clear priorities in the

allocation of scarce financing may jeopardise the success of the reform programme.

The drop in production - estimated by Mr Yegor Gaidar, the acting prime minister, to have fallen by 27 per cent in the year to last month - has not so far resulted in substantial growth in unemployment, the report says.

"Economic decline has rather been reflected in declining labour productivity rather than growing unemployment; ... the next phase of economic reforms ... will have to address the problem of labour force restructuring."

British aid linked to debt payment

By David Dodwell,
World Trade Editor

BRITAIN will press Russia to begin repaying debt to unlock British aid of up to \$280m (\$478m), when Mr Michael Heseltine, president of the Board of Trade, visits Moscow next week.

"It is a very important part of the confidence-building process to raise the concerns of creditors before we incur new debts," Mr Heseltine said.

Debt to UK exporters are understood to amount to about £100m. Mr Heseltine said he was not expecting immediate repayment in full, but insisted the Russian leadership "must have regard" for this issue.

"A key aim is to encourage Russia to eliminate the various obstacles currently standing in the way of much-needed western private sector trade and investment," he added.

The British minister will be accompanied by executives from leading British exporters to eastern Europe, many of whom are impatient with the government for delaying disbursement of aid funds, and for its refusal to provide export credit insurance for contracts to Russia.

During the visit, Mr Heseltine will co-chair the first session of a new steering committee on Trade and Investment, a "business-oriented body".

He wants Russia to clarify its priorities for use of the \$280m export credit, which was announced by Mr John Major, Britain's prime minister, early this year. Resort to the funds has been blocked by delays in Russia agreeing with the IMF a structural adjustment programme, by confusion over Russia's investment priorities, by difficulties in pinpointing a Russian financial guarantor, and by the debt issue.

Ethnicity stalks Romania poll

Virginia Marsh and Anthony Robinson on elections this weekend

PRESIDENTIAL and parliamentary elections in Romania this weekend will decide the fate of domestic reforms and vitally affect prospects for stability throughout the volatile Balkan region.

The prospects do not look good. The latest public opinion poll by Ipsos, an independent research company, indicates that the most likely outcome is a parliament where intolerant nationalists will hold the balance between conservative former communists and a shaky coalition of reformist democrats.

No clear winner is expected to emerge from the first round of the presidential elections, where Mr Ion Iliescu, the current president, leads a field of six candidates. (The run-off takes place in two weeks.) His strongest challenger is Mr Emil Constantinescu, the rector of Bucharest University. He represents the "Democratic Convention" (DC), a loose, 18-party coalition of anti-communist reformers.

But the DC, which won power in Bucharest and many other big cities in local elections last February, has fought a lacklustre campaign. It has been unable to attract many rural voters, who make up 47 per cent of the population, or gain sufficient support from industrial workers suffering from rising unemployment, and lower real incomes.

Mr Iliescu, a former high-ranking communist official who mysteriously rose to power after the execution of Nicolae Ceausescu, the Romanian dictator, and his wife on Christmas Day 1989, is supported by the Democratic National Salvation Front (DNSF). This is the rump party which emerged from a split in the National Salvation Front (NSF), which won Romania's first post-communist elections by a landslide in May 1990.

The NSF, led by Mr Petre



Demonstrators in central Bucharest yesterday show their support for the reformist Democratic Convention

Roman, the deposed former prime minister of the first post-Ceausescu government, is now the standard bearer of International Monetary Fund-supported market reforms. The rump DNSF retained the loyalty of older-generation communists, including leaders of the secret police and intelligence services appointed by Mr Iliescu after the formal dissolution of Ceausescu's infamous Securitate network. He has also appointed loyal followers to key positions in the judiciary, the state television and the army. He appeals to ordinary workers and peasants traditionally suspicious of Romania's westward-looking intelligentsia.

In recent months however, ultra-nationalist parties have chipped away at Mr Iliescu's electoral base by stirring up deep-rooted xenophobic traditions. Ethnic intolerance is especially strong in Transylvania, ruled by Hungary until 1918 and home to most of Romania's 1.7m ethnic Hungarians. But gypsies and Romania's exiguous Jewish and other minorities have also re-emerged as traditional targets.

The estimated 2m gypsies are in a specially invidious position. Many Romanians blame the gypsies for giving the country a bad name abroad and making it difficult for Romanians to get foreign visas. This intolerance is likely to worsen following Germany's decision to repatriate 48,000

Romanians, of whom 60 per cent are gypsies, only days before the election.

Recent weeks have seen a surge in support for Mr Gheorghe Funar, the rabidly anti-Hungarian mayor of Cluj, the former capital of Hungarian-ruled Transylvania, who has risen to third place in the polls with 14 per cent, against 38 per cent for Mr Iliescu and 31 per cent for Mr Constantinescu.

If the polls are right, Romania's fragile democracy and market reforms could be undermined by an opportunistic alliance between Mr Iliescu's DNSF and Mr Funar's nationalists. This could reinforce a minor-image rise of nationalism, as the government is already under attack for not properly defending the rights of 5m ethnic Hungarians in Croatia, Serbia and soon-to-be-independent Slovakia, as well as Transylvania.

Such an outcome would alienate potential foreign investors and derail the economic reform process just as it is starting to bring results. Under the caretaker government headed by Mr Theodor Stolojan, Romania has set up much of the legal and institutional framework needed for privatisation and a market economy. It has earned praise from the IMF for sticking to tough budgetary and other parameters. A new IMF interim lending arrangement has been agreed, pending finalisation after the elections.

Recent months have seen a sharp growth in exports and a rapid expansion of the private sector. This has not been enough to counteract a 50 per cent drop in industrial production since 1989 or stem a fall in real incomes of more than 20 per cent and rising unemployment, which is uppermost in the minds of many voters as they go to the polls.

Lloyds Bank Interest Rates

With effect from 25 September 1992 the following rates of interest will apply:

Business Overdrafts

Band	Monthly Rate	Eqv. Annual Rate
A†	1.17%	14.04%
B	1.08%	12.96%
C	1.00%	12.00%
Unauthorised	2.40%	28.80%

Business Loans

Standard**	1.14%	13.68%
Preferential**	1.00%	12.00%
Small Business Loan***	1.14%	13.68% (APR 14.5%)*

Personal Overdrafts

	MONTHLY RATE	APR
Gold Service, Asset Management Service and Lloyds Private Banking Visa and Students	1.10%	14.0%
Classic, Current Account Standard, High Interest Cheque Account Standard	1.70%	22.4%
Current Account Preferential†† and Special High Interest Cheque Account Preferential and American Express	1.30%	16.7%
Cashflow and Budget	1.80%	23.8%
Unauthorised	2.40%	32.9%

Personal Loans

	MONTHLY RATE	APR
Personal Loan	1.60%	20.9%
Home Improvement and Secured Loan	1.40%	18.1%
Secured Loan (Educational Option)	1.20%	15.3%
Bridging Loan - Standard	1.30%	16.7%
Graduate Personal Loan	1.20%	15.3%

With effect from 12 October 1992 the following rates of interest will apply:

Credit Cards

	MONTHLY RATE	APR
Lloyds Bank Gold Card	1.30%	18.6%
Lloyds Bank Access	1.80%	25.3%

* Standard and A Bands have been merged. ** This rate will also be applied by Lloyds Private Banking Limited. *** The APR does not take into account any additional charges for arrangement, late payment, overdrafts, etc. which may be applicable. ** Also applies to Farm Business Loans. *** Also applies to Farm Small Business Loans.



THE THOROUGHbred BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

Court pitches Collor's future into Congress

By Christina Lamb
in Rio de Janeiro

PRESIDENT Fernando Collor's fight for survival moved into the political arena yesterday, the Brazilian Supreme Court having closed all possibility of delaying the Congressional vote next week on whether he is to face an impeachment process.

His last hope of winning more time to defend himself was dashed on Wednesday night when six of the nine court judges rejected his appeal. The court also ruled that the vote will be secret, a further blow to Mr Collor.

He was described by aides as "shaken". He might be out of office - suspended from duty during the process - as early as next Tuesday.

The president is increasingly isolated and his only remaining chance is to prevent the opposition mustering the two-thirds (336 members) of the House of Representatives needed to initiate an impeachment process. Mr Eizewald Dias, his spokesman, admitted: "We have lost the legal battle."

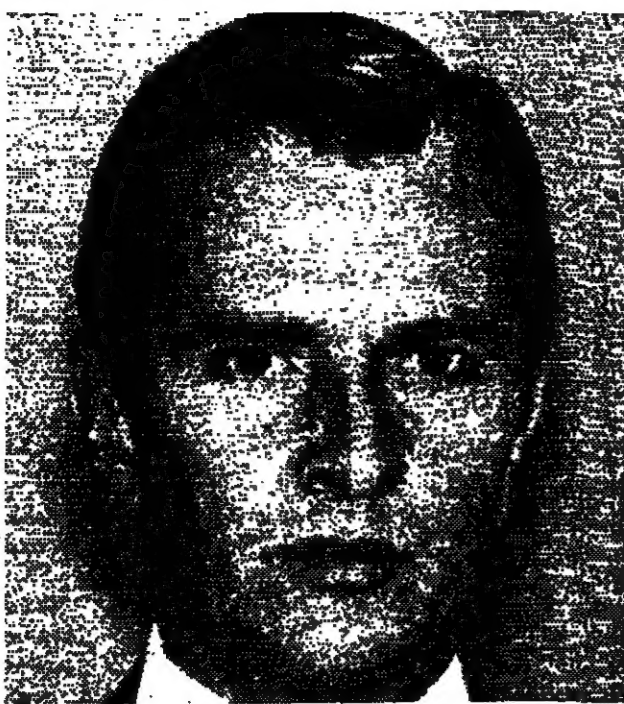
We now have to win in the political arena."

The Supreme Court ruling was welcomed by the opposition and described by Mr Ibsen Pinheiro, chairman of the House, as "a victory for Brazil's institutions". Large street celebrations were held in several Brazilian cities.

The financial markets reacted positively to the news, which could mean a rapid end to the four-month crisis. The main São Paulo stock exchange index closed 10.7 per cent up yesterday on very heavy trading.

Pro-impeachment demonstrations suggest public opinion is heavily against Mr Collor but he claims to have enough Congressional support to survive. The opposition argues that it has 360 votes - more than enough to win.

Mr Collor's chances have been weakened by the court decision. He has suffered a further blow with the suspension by a federal judge of all spending by the Banco do Brasil Foundation, a state-owned funding agency. This has been one of the president's main



ISOLATED: President Collor faces his days of judgment

sources of funds for securing Congressional support. Over the last two months, the foundation has granted 98 spending requests from politicians.

Legal suits are also in hand to suspend the president of the national savings bank, one of Mr Collor's main political allies, for alleged use of social security money for political ends.

Mr Roberto Jefferson, a key member of Mr Collor's so-called "shock battalion",

said the government's strategy would now be obstruction. The pro-Collor forces could move their Congress members out of Brasília in an attempt to make meetings inoperative.

Mr Jefferson met Mr Collor yesterday to demand a cabinet reshuffle. Accusing Mr Collor of corruption, he said, "either we govern with loyal people or we won't win the vote."

Industry plea on science

By Nancy Dunne
in Washington

THE US should allocate at least \$1bn-\$2bn to help industry adapt for commercial use advances made in the \$22bn federal laboratory system, according to a report by the private sector Council on Competitiveness.

"The superb array of expensive facilities, equipment and instruments" of the government laboratories, as well as their scientists and researchers, could be "intensively utilised by and for the private sector," said Mr Erich Bloch, former director of the National Science Foundation. He presented the report yesterday to the House committee on science, space and technology.

The laboratory system is a microcosm of the broader US competitiveness problem, he said. It is still geared to the Cold War, rather than the current era of intense international economic competition.

"The federal government should launch national technology infrastructure projects that strengthen US industrial competitiveness and foster co-operation among industry, universities and the federal labs," he said.

Senate overrides family bill veto

By Jurek Martin, US
Editor, in Washington

THE Democrats in the US Senate, with some Republican help, yesterday overrode President George Bush's veto of the family leave bill, the latest in a growing line of election-year confrontations between the legislature and the executive.

The 68-31 vote, just over the required two-thirds majority, may not be sustained in the House of Representatives, which had passed the bill by 27 votes, less than necessary to negate the veto. During his term, Mr Bush has used the veto 31 times without rebuttal.

The bill itself would require companies with more than 50 employees to give up to 12 weeks' leave for home care in the event of childbirth or other family need. Mr Bush, who vetoed the bill late on Tuesday to minimise publicity, has countered with a proposal to give companies tax credits to meet such eventualities.

The Republican emphasis on family values, though less of a feature of the election campaign now, was an open invitation to the Democrats to find an issue which could be turned to electoral advantage. Mr Bush had vetoed an earlier family leave bill in 1990.

Sensing a shift in the prevailing mood, Mr Bush has now been obliged to support the concept of mandated family leave, but has argued that the bill would place unnecessary financial and regulatory burdens on companies.

This is not the only popular issue by which the Democrats are trying to put the president on the defensive in the six weeks before the election. The Senate has already passed, by a margin large enough to override a veto, a bill designed to stop price gouging in the cable television industry. Mr Bush has already indicated he will try to kill it.

Clauses to allow abortions for poor women have also been written by Democrats into at least two other bills, again inviting a veto, as exercised in the past by a president now more than ever intent to shore up his conservative base.

In the defence bill, individual senators and congress members are moving might and main to keep military installations in their districts from the budgetary axe. Mr Bush may attack this as quintessential pork-barrel politics, but has himself engaged in the same by showering federal largesse on the defence industry and farmers.

Sluggish growth in US

By Michael Prowse
in Washington

THE US economy grew sluggishly in the second quarter, revised figures from the Commerce Department confirmed yesterday.

Real gross domestic product grew at an annual rate of 1.5 per cent, rather than the 1.4 per cent earlier reported. This was the fifth successive quarter of slow growth, following a contraction of output in the winter of 1990-91.

The sluggish overall growth reflected a slight fall in personal consumption spending and a deterioration in net exports, offset by a higher investment expenditure and a rebuilding of corporate inventories.

The price of gross domestic purchases - a broad measure of inflation - rose at an annual rate of 3.2 per cent compared with 3.1 per cent in the first quarter, confirming that inflationary pressures remain moderate.

Separate figures for state unemployment insurance claims, published yesterday, showed a 15,000 increase to 414,000 in the week to September 12, another sign that labour markets remain weak.

Third world vexed over future of aid

By George Graham
in Washington

DEVELOPING countries have come away from the annual meetings in Washington of the International Monetary Fund and the World Bank deeply anxious over their prospects for future aid flows from the richer nations.

Thrust offstage by the currency market turmoil that has dominated the meetings, finance ministers of the developing world have watched in bewilderment and some bitterness as their wealthier colleagues squabbled over who was most to blame for the crisis.

Third world ministers who have painfully dragged their own budgets out of persistent

(IDA), the World Bank arm which provides loans at concessional interest rates to the poorest countries.

World Bank officials are now pessimistic about the prospects for the 10th replenishment of IDA funds, which should start to take effect next June. Donor countries have committed themselves to match in real terms the level of IDA 9, which would require 13bn special drawing rights (\$10.9bn), the basket of reserve currencies used by the IMF and the World Bank spread over three years.

But a meeting of high-level officials from IDA donor countries last week failed to agree on the replenishment. World Bank officials say openly that when it comes to specifying each donor's share of the pot, they will back away from their promise.

"Today there is a serious doubt that we can reach the objective of SDR13bn," said Mr Ernest Stern, World Bank joint managing director. "If we do not achieve our objective, it is going to be very painful, with consequences for those on the ground."

Mr Preston said the most worrying aspect for his institution of the currency crisis was its effect on aid flows from industrial countries to the developing world. Once-generous donors such as Sweden, which last week announced a budget retrenchment package in response to fierce market pressure on its currency, have had to cut their aid budgets.

The package is expected to bring a cut of perhaps 10 per cent in Sweden's SKr14bn (£1.47bn) aid budget, and the country has given up, at least for now, its target of increasing aid to 1 per cent of gross domestic product from 0.9 per cent in 1990.

Less generous countries, such as the UK and the US, whose official development assistance amounts to barely 0.25 per cent of their GDP, are expected to cut still further.



deficit have been particularly galloped by the failure of industrial nations to face up to their own budget deficit problems.

Mr Lewis Preston, World Bank president, yesterday echoed the gloom felt by many of the developing countries which are his institution's customers: "They need help. It's important that they not be expected to bear the burden of adjustment in the rich countries as well as in their own."

Sounding despondent and at times angry, he criticised the industrial countries for repeated failure to live up to their promises - on the reduction of protectionism in the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade; on the "Earth increment" in aid promised to the developing world to help in environmental protection; on the next injection of funds into the International Development Association

73, Cornhill, London EC3V 3QQ

Tel: 071-2207740 - Fax: 071-2207688



A NEW BANKING PRESENCE IN LONDON

On the 1st of October, Banco Ambrosiano Veneto will open its London branch.

Given the size, experience and quality of service that has enabled Banco Ambrosiano Veneto to become the largest and most successful private banking group in Italy, we could not fail to be present in such an important financial market as London.

In Italy, we are widely established with around 500 branches and 500 financial service offices.

In Europe, thanks to reciprocal agreements with leading banks, Banco Ambrosiano Veneto can provide "on the spot" service in major countries. Furthermore, we work with some 4000 correspondent banks throughout the world and have representative offices in New York and Hong Kong.

Banco
Ambrosiano Veneto

ITALY'S LEADING PRIVATE BANK



About



DIGITHURST

Newark Close
Royston
Herts SG8 5HL

Tel: 0763 242955
Fax: 0763 246313

NEWS: INTERNATIONAL

S Korea to spend more on economy

By John Burton in Seoul

THE South Korean government yesterday proposed a 26 per cent increase in spending on economic development, which includes support for small and medium businesses.

At the same time, the Bank of Korea predicted that economic growth this year would be the slowest since 1981.

The government's 1993 budget sharply curbs defence spending growth in order to fund expanded infrastructure projects that will relieve the country's congested transportation networks.

The 9.8 per cent rise in defence spending, which accounts for a quarter of the national budget, is the lowest rise since 1988. Defence spending is normally an important component of the South Korean budget because of the military confrontation with North Korea. The 1993 budget is set to increase by 14.6 per cent to Won38,050bn (\$28bn).

Significantly higher spending is planned for small and medium-sized businesses, education, science and technology, and infrastructure projects.

S Africa talks terms disputed

THE African National Congress (ANC) and the South African government remained locked in dispute last night over release of political prisoners, an ANC condition which has blocked resumption of talks on a post-apartheid constitution, Patti Waldmeir writes from Johannesburg.

Negotiators have met almost continuously for 10 days in an attempt to meet ANC demands for a summit between Mr Nelson Mandela, the ANC leader, and President F.W. de Klerk. Last-minute attempts were being made yesterday to permit the summit to be held at the weekend, before Mr Mandela goes abroad for two weeks.

Overhang from civil war threatens to spoil Angola's election

ANGOLA'S year-long transition to peace and democracy is being marred in the final days of campaigning before the country's first multi-party elections next Tuesday as underlying violence built up during 16 years of civil war boils over.

Several incidents in the past week have revealed the potential for violence in a transition programme whose remarkable success so far has astounded most observers.

Minutes before President Eduardo dos Santos arrived to campaign in Huambo on Tuesday, government soldiers, egged on by a flag-waving

Julian Ozanne reports on hopes for a peaceful transition to democracy

mob, opened fire on two supporters of Unita, the former rebel movement which is challenging the ruling MPLA. The incident happened the day after Unita troops had seized 11 anti-air police, burnt three cars and took control of the airport in Cuito after alleging that the MPLA was trying to assassinate Mr Jonas Savimbi, the Unita leader.

At least a dozen people have been killed in other clashes between the two sides in the past seven days across the country.

"It is true that sometimes Unita has over-reacted," Mr Salupeto Pena, a senior Unita official, said yesterday. "But there are many more incidents of successful co-operation between Unita and the MPLA and the process is holding together well despite the tensions."

"Nobody thought we would get this far without major bloodshed," said a western diplomat. "It's an amazing achievement."

The peaceful unfolding of the elec-

toral process has been helped considerably by the belief by each side that they are going to win the elections. Much of the credit for the success of the transition also goes to the United Nations, which is observing the process, and to the MPLA, which has consistently refrained from responding to Unita provocation.

President dos Santos's western-style campaign stresses stability and the goal of uniting Angola's fractured tribal society. A former Marxist who broke with communism in 1990, he has successfully exploited the fears of many Angolans, especially in the towns, that Mr Savimbi

is a power-hungry human rights violator and a racist whose victory next week would throw Angola into a period of witch-hunting and instability.

With the help of several million dollars of government funds and a slick Brazilian public relations company, Mr dos Santos has cultivated the image of a soft-spoken, well-educated family man gently leading his country to a new but certain future.

In contrast, Mr Savimbi looks aggressive, arrogant and threatening. He has failed to make the leap from authoritarian guerrilla leader to peacetime politician capable of

rising to the challenge of national reconciliation. His inflammatory rhetoric and veiled threats against white and mixed race Angolans, "enemies and foreigners" have alienated many educated Angolans.

Mr Savimbi has, however, struck a chord in his attacks on the abysmal record of the corruption-ridden MPLA in the economy, education and health of a country which could be one of Africa's richest.

The real worry is whether the violent tensions, largely contained so far, will explode once the results are announced and one of the parties is defeated.

Japan and Russia move to improve bilateral relations

By Charles Leadbeater in Tokyo

JAPAN and Russia have agreed to take the first steps towards repairing the poor state of their bilateral relations, which were badly damaged by President Boris Yeltsin's abrupt cancellation of his planned visit to Tokyo this month.

Mr Michio Watanabe, the Japanese foreign minister, and Mr Andrei Kozyrev, his Russian counterpart, agreed in New York that their deputies should resume discussions as swiftly as possible over the

future of four Russian-held islands off the northern tip of Japan to pave the way for Mr Yeltsin to reschedule the trip. Mr Alexander Shokhin, Russia's deputy prime minister, said it was possible Mr Yeltsin could visit Tokyo at the end of this year or early next.

The two foreign ministers agreed to sanction the talks over the islands, known in Japan as the northern territories, during discussions at the United Nations. The islands, known in Russia as the Kuriles, were taken by Soviet troops at the end of the second world war.

Japan insists it will not offer Russia bilateral economic aid until the dispute on the sovereignty of the islands is settled. Russians blamed Japanese intransigence over the islands for Mr Yeltsin's decision to cancel his visit.

Japanese officials argue that this was an excuse to disguise the domestic political pressures which they believe forced him to remain in Moscow.

Mr Watanabe assured Mr Kozyrev that a conference on western aid to Russia, due to be held in Tokyo in late October, would not be jeopardised by the dispute.

Kanemaru saga climax near

THE public tug-of-war between Mr Shin Kanemaru, "kingmaker" of Japanese politics, and prosecutors investigating his receipt of ¥500m (\$2.36m) from a trucking company linked to organised crime appeared to be nearing its climax yesterday, writes Charles Leadbeater.

Mr Kanemaru's lawyers, who have been negotiating with the Tokyo prosecutor's office in the past few days, are reported to have delivered a written statement in which he admitted receiving the money from Mr Hiroyasu Watanabe, the president of Tokyo Sagawa Kyubin. Mr Kanemaru's lawyers have wanted to avoid him appearing in court to face formal charges that the donations violated political funding laws.

If the prosecutors are satisfied the statement acknowledges his guilt, it is expected Mr Kanemaru will be summarily indicted and fined ¥200,000 without having to appear in court.

That will lessen the public humiliation of the case which could yet mark the nadir of his

political influence and spark a potentially destabilising power struggle within the ruling Liberal Democratic Party. The case forced Mr Kanemaru's resignation as LDP president on August 27, but he still wields enormous power in the party through his influence at the head of the largest faction.

The prosecutors allege that Mr Kanemaru asked Mr Watanabe to give him the money just before the election of February 1990. It was then distributed among 60 candidates of the LDP's Takeshita faction, according to the prosecutors.

Mr Kanemaru admitted his office received the ¥500m but said it was simply "goodwill money" and was not in breach of the Political Funds Control Law, which stipulates that a company can donate no more than ¥100m to one party.

Pressure on Mr Kanemaru rose yesterday amid allegations that Mr Watanabe's donations allowed him to influence composition of the Japanese government's cabinet in 1989.



A malnourished Somali child pauses before an abandoned tank in a small town 220 miles west of Mogadishu, the capital, as thunder clouds fill the sky behind him

US leads UN move to seize Iraqi assets

By Michael Littlejohn and Robert Mauthner in New York

THE US led western efforts last night to obtain United Nations Security Council approval for the seizure of about \$1bn (\$588m) in frozen Iraqi oil assets to finance humanitarian operations and compensate victims of the aggression against Kuwait.

A complex set of proposals has been circulated among council members in a preliminary draft. US officials want an early decision but diplomats said extensive consultations might be necessary before majority support was assured.

Britain is understood to be in general agreement with the proposals, which would exclude Iraqi assets subject to prior claim. France was said still to be considering.

The American move followed the failure of persistent efforts by UN negotiators to complete agreement with Baghdad for the sale under strict UN control of up to \$1.6bn worth of

Iraqi oil to help meet the world body's heavy expenses under the Gulf ceasefire resolution.

Following a closed-door meeting yesterday the Security Council again decided that Iraq had done nothing to justify lifting or modifying sanctions. The world body reviews the situation every 90 days.

Iraqi assets proposed for seizure, mostly in the US, would pay for food and medicines for needy Kurds and, among other things, compensate foreign workers expelled by Baghdad after sanctions were imposed by the UN.

All of the funds would come from oil sales completed or in progress when sanctions were applied.

Sir David Hannay, the chief UK delegate to the UN, said after the meeting that this was not a case of expropriation. The assets would be restored to Iraq once it complied with the relevant UN resolutions.

The money would be paid into an escrow account entirely under UN control.

Mideast peace talks to resume next month

ALL PARTIES to the Middle East peace talks agreed yesterday to return for a further month-long round of negotiations in Washington starting on October 21, despite earlier concerns that discussions would have to be adjourned until some time after the US presidential election in November, writes Hugh Carnegie in Washington.

The agreement was seen by all sides as confirmation of their commitment to

keep pressing for progress in the talks despite failure to reach any significant breakthrough in the latest round of bilateral negotiations between Israel and, respectively, Syria, Jordan, Lebanon and the Palestinians.

During the latest talks, the first since the election of Mr Yitzhak Rabin's new Israeli government in June, hopes were raised that Israel and Syria were close to reaching an initial agreement on their

dispute over the occupied Golan Heights. This evaporated after both sides refused to shift from their essential positions - Syria that it win back the entire Golan and Israel that it win assurances of peace before making territorial concessions.

Israel and the Palestinians agreed to work towards setting up an interim period of Palestinian self-government in the occupied West Bank and Gaza Strip. See feature

NEWS: WORLD TRADE

Inchcape and Peugeot link to lift Japan sales

By Steven Butler in Tokyo

AUTOMOBILES Peugeot, the French car maker, has joined forces with Inchcape, the British trading company, in an effort to boost car sales in Japan.

The two companies said yesterday they would invest more than ¥2bn (\$2.8m) in Peugeot Japan, which imports Peugeot cars into Japan. The two will hold equal shares in the company.

Inchcape is the world's largest independent car distributor, although this will be the company's first direct involvement in car importing and distribution in Japan.

The deal follows a plunge in sales of Peugeot cars in Japan. They are expected this year to be under 2,800 units, against a peak of 5,414 in 1990. Unless sales pick up sharply, Peugeot will have difficulty supporting the 180 Peugeot showrooms in the country.

Signs of friction have emerged recently between Peugeot and Suzuki Motors, which sells Peugeot cars in its dealerships. Peugeot and Rover last month ended an agreement under which Rover distributed Peugeot cars through its dealers in Japan.

Peugeot is hoping to capital-

ise on Inchcape's experience in car distribution, as well as its extensive marketing experience in Japan in other product areas.

The two companies will hold equal shares in Peugeot Japan, but it remained unclear whether stakes in the company would be retained by minority Japanese shareholders, including Suzuki, Seibu Motors and Nishio Iwai. Discussions with the companies are continuing.

Mr Derek Whittaker, Inchcape group motors director, said the aim was to improve performance of the existing network of dealerships, and no expansion was envisaged.

He had begun discussions with Suzuki on how to rationalise the network to increase sales and profitability.

The move to bolster Peugeot sales comes when sales of Volkswagen-Audi cars, which together have 32.5 per cent of the import market, have been severely disrupted.

Yanase Motors, Japan's biggest dealer in imported cars, has decided to stop selling Volkswagen-Audi cars from next year.

Mr Philip Mead, Peugeot Asia Pacific director, said: "We are there to attack the market and take market share from German manufacturers."

Asia-Pacific group embraces the inevitable

Apec's loose form gets a permanence that reflects region's growing integration, writes Peter Ungphakorn

THE Asia Pacific Economic Co-operation group is beginning to think big.

Washington sent only a low-powered delegation to the group's fourth annual meeting in Bangkok this month. Although ministers from Apec's 14 other members were

not entirely happy, they made sympathetic noises about the group's administration's electoral pre-occupations. Mr James Baker had left the State Department and was running Mr George Bush's presidential election campaign, while Ms Carla Hills, US trade representative, was said to be tied up with her daughter's wedding.

But the ministers carried on regardless, agreeing on the creation of an Apec secretariat in Singapore with a maximum budget of \$12m in its first year and pressing ahead with exploratory plans for regional trade liberalisation.

A small group is to prepare a blueprint for trade and investment co-operation in the Asia-Pacific region to the year 2000. It will report to Apec ministers at next year's meeting in the US and economic co-operation could eventually spill over into political and security issues.

With the decision to site its secretariat in Singapore, the loose gathering that spans the Pacific and includes some of the world's largest and fastest-growing economies is about to become a permanent institution. The choice of Singapore

also establishes Apec's heart in the Association of South East Asian Nations (Asean), whose six members (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), were at first afraid of being swamped by Apec's large members.

Apec covers the US, Canada, Japan, Korea, the "three Chinas" (China, Hong Kong, Taiwan), the Asean states, Australia and New Zealand. It encompasses two existing free trade agreements (US-Canada and Australia-New Zealand) and two more that have just been agreed (the North American Free Trade Agreement and the East Asia Free Trade Area).

Enthusiasm for Apec has waxed and waned. No trade barriers have fallen and no action has been taken on proposals to harmonise standards or exchange university students. The Australian objection to US wheat export subsidies is only the latest area of trade friction.

But a sense of inevitability has started to creep into its proceedings as Apec has passed through successive stages of development and as some of its exploratory projects have begun to take shape.

Although they have strong trade and investment ties with other parts of the world, in particular Europe, an Apec study completed last month shows that the group's economies are integrating faster than the global trend. Members are able

APEC intra-regional trade (1991)			
	Total exports (US\$bn)	Intra-APEC exports (US\$bn)	% of total
Australia	42,044	30,857	74
Brunei	2,597	2,175	84
Canada	126,180	108,555	86
China	71,988	56,052	78
Hong Kong	98,578	98,915	100
Indonesia	29,142	23,434	80
Japan	514,925	206,061	40
S Korea	58,488	46,490	79
Malaysia	34,405	28,484	83
New Zealand	5,585	5,297	95
Philippines	8,840	6,758	76
Singapore	59,198	42,967	73
Taiwan	79,254	59,010	74
Thailand	27,692	17,842	64
US	427,755	206,646	48
TOTAL	1,395,478	910,830	65

to hold regular consultations on economic and trade issues because they share common concerns - such as a desire to see the multilateral Uruguay

Round of the General Agreement on Tariffs and Trade completed rapidly and the Gatt system strengthened. Apec has shown no signs of

becoming a belligerent trade bloc, partly because the region is no longer so apprehensive about the single market turning the EC into a closed trade bloc.

Rather than envisaging it as a trade bloc, some Apec members are beginning to talk of regional liberalisation as a tool for encouraging a step-by-step further lowering of trade barriers globally, a view that appears to fit Mr Bush's "strategic network".

Reaffirming their commitment to the Gatt system, Apec ministers called for the Uruguay Round to be completed within this year and for the draft agreement compiled by Mr Arthur Dunkel, Gatt director general, to be the "key document" for reaching a conclusion.

Singapore, the site of the secretariat, is now poised to become the nerve centre for computer networks that will offer Apec members easy access to regional trade and investment data. Some are talking about standardising and digitalising customs and other business documents that could be transmitted through these networks, greatly increasing the convenience of trade in the region.

Australia, under whose initiative Apec was created in November 1989, has retained the role of pace-maker. Last week the Australian foreign minister, Mr Gareth Evans, successfully urged Apec mini-

sters to press ahead with the exploration of regional trade liberalisation.

There are, however, still members who would prefer to go slow. Within Asean, Malaysia is now willing to participate fully in Apec, but still prefers its own version of regional co-operation, the East Asia Economic Caucus, that would exclude the North Americans and possibly Australia and New Zealand.

Kuala Lumpur envisages these groups forming "concentric circles", preferably with Asean at the core. Mr Rafidah Aziz, Malaysian international trade and industry minister, also questioned last week whether Mr Evans was being realistic in suggesting some kind of common market across an ocean as vast as the Pacific.

With Mexico likely to be the next to join Apec, largely through its membership of Nafta, some South East Asians are concerned that the balance could be tilted to the east. Pacific Mr Ali Alatas, Indonesian foreign minister, made a point of arguing that Papua New Guinea might be a more suitable candidate for Apec membership.

*Apec Ad Hoc Economic Group Meeting Report: Vision for the Economy of the Asia-Pacific Region in the Year 2000 and Tasks Ahead, compiled by the Japanese Ministry of International Trade and Industry

Italians in Polish steel venture

By Christopher Bobinski in Warsaw

A \$300m (£175.4m) joint venture agreement between Lucchini, the Italian steelmaker, and the Huta Warszawa steel mill is set to go ahead, after an overwhelming vote this week by the plant's employees to approve the scheme.

The deal with Poland's most important quality-steel producer is the first big foreign investment in eastern Europe's steel industry.

The local authority where the mill is located has voted to end its opposition to a land settlement accompanying the venture. This fulfils the last condi-

tion Lucchini had set for signing the agreement.

The deal foresees a \$200m modernisation plan for the mill, to be followed by a further \$100m investment in its rolling mill. The aim is for the plant to produce 600,000 tonnes of quality steel a year.

The vote this week by 99 per cent of the 4,700-strong workforce signified acceptance of a phased wage-rise scheme offered by Lucchini, which would almost double the present Zloty 2.3m (\$88) average monthly wage by the end of next year.

The International Finance Corporation, the World Bank affiliate which concentrates on private-sector investments, is

providing \$37.2m in loans and \$5m equity in the project.

The European Bank for Reconstruction and Development is providing a further \$37.2m loan; another \$79.2m is to be provided by SACE, the Italian trade insurance corporation.

Poland has not supplied any weapons or military spare parts to Russia this year, Mr Jan Strauss, the Polish government's top arms-trade official, said yesterday.

The arms sales ban followed Russia's failure to pay for \$344m worth of deliveries last year. Poland sold another \$140m worth of military equipment to other countries in 1991, Mr Strauss said.

Canadians warned on Nafta

By Bernard Simon in Toronto

CANADA may have greater difficulty attracting both foreign and domestic investment following the creation of a North American free trade agreement (Nafta) area, the Conference Board of Canada concluded in a study published yesterday.

The study, based on a survey of 240 companies with operations in Canada, says the 1989 US-Canada free trade pact has already altered the investment relationship between the two countries. Patterns are likely to change further as the recently-concluded North American trade agreement is phased in, the study adds.

Canadian companies are giving a higher priority to business opportunities in the US, while US subsidiaries in Canada are having to fight harder to justify their survival in a more integrated North American market.

"With the increased focus on the US market, a decision by Canadian firms to manufacture in the US and now Mexico is a distinct possibility," the Conference Board, an economic forecasting and lobby group, says.

The board notes that high production costs, which are one of the most commonly-cited drawbacks to doing business in Canada, are likely in future to be as important in

domestic companies' investment decisions as they are for foreign investors.

Many of the foreign-owned plants in Canada were set up to cater exclusively for the domestic market at a time when local manufacturers were protected by trade barriers.

But free trade has increasingly led companies to view the US and Canada as a single market.

However, the board says that US subsidiaries in Canada, which make up the bulk of foreign investment, will survive only "by carrying out and justifying their existence as an integral component of the company".

Latin American banana nations in plea to Dunkel

By Frances Williams in Geneva

FIVE Latin American banana producers have asked Mr Arthur Dunkel, Gatt director-general, to intervene in their row with the EC over import quotas on bananas from the region.

Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela want the EC to scrap its plan to raise import barriers to "dollar" bananas as part of its single market programme.

They claim the plan would cost them up to \$500m (\$232m) in export earnings and flout Gatt rules against discrimination between trading partners.

They say it runs counter to proposed farm trade reforms in the Uruguay Round that would scrap all import quotas in favour of tariffs.

The EC proposals, yet to be endorsed by ministers, would replace national quotas with a Community-wide quota on banana imports. Latin American bananas would also face a 20 per cent tariff, with costlier bananas from Lomé Convention members entering duty-free.

The Latin Americans are using a procedure urging the director-general to resolve a poor country's grievance against a rich one. He has two months to try to solve the row.

NEWS: UK

BRITISH CAR INDUSTRY

Rolls-Royce Motor Cars cuts 950 jobs

By Kevin Done,
Motor Industry Correspondent

ROLLS-ROYCE Motor Cars, the heavily loss-making luxury car subsidiary of Vickers, the UK engineering group, is cutting another 950 jobs, or nearly a third of the workforce, at its plant at Crewe, Cheshire.

Sales of its Rolls-Royce and Bentley cars have fallen by 65 per cent during the past 18 months under the impact of the "unprecedented length and depth of economic recession" in all the major markets, said the company.

The latest round of redundancies, which should be completed during December, will have reduced Rolls-Royce Motor Cars UK workforce by 57

per cent during the recession to 2,100 from 4,850 at the end of 1990. The company said that compulsory redundancies appeared inevitable.

Sir Colin Chandler, Vickers chief executive, said yesterday that the further job cuts would cost about £12m in exceptional charges during the second half of the year.

Rolls-Royce Motor Cars would make a "substantial trading loss" this year, said Sir Colin. The trading loss in the first half of the year amounted to £10.15m compared with a result just below break-even in the first half of 1991.

In the whole of 1991 it made a trading loss of some £30m as well as suffering exceptional losses of about £32m for the

restructuring and last year's job cuts.

The remaining Rolls-Royce Motor Cars workforce worldwide of some 2,400 has been cut from 5,300 18 months ago, said Sir Colin.

The latest job reduction was "required for the future of the business" and was "designed to reduce operating costs during a time of continuing uncertainty and difficult trading in all major markets."

Sir Colin claimed that the break-even level of the beleaguered Rolls-Royce and Bentley car business will have been halved to about 1,400 cars a year by the end of the year from 2,800 in 1990.

The company's market in Japan in particular has col-

lapsed this year with registrations in the first eight months at 183 totalling only 37 per cent of the 441 achieved in the corresponding period last year.

Sir Colin said that Vickers had made "intensive efforts" to find "a strategic partnership" for the Rolls-Royce Motor Cars operations, but it had failed to make any deal most importantly because of the "continuing uncertainty" of the business.

He said that Vickers had reached "a fair bit of depth" in negotiations with "one or two partners" - the most serious discussions have been with BMW, the German executive and luxury car maker - but there had never been "a concrete figure offered" by BMW.

He said that would-be partners were also facing problems in their own luxury car businesses. "It is the wrong time to be trying to negotiate a partnership."

Sir Colin expected further negotiations in the future, however. "It has not gone away. When markets come back, I am sure that negotiations will resume."

He said that Rolls-Royce Motor Cars would be unable to press ahead with the development of a new model generation in the present business climate.

He said it would seek to "evolve" its present cars and try to sell profitably from the new break-even level for the next two to three years.

Honda to expand at Swindon

By John Griffiths

HONDA is preparing to recruit the next 600 workers needed to reach initial 50,000-a-year output of the new car it is about to start building in its £370m plant at Swindon, Wiltshire, in the English south-west.

The Japanese car maker, which already employs 900 on the 360-acre site, yesterday released the first official pictures of the car, which will use the Accord name. Honda uses throughout the world for its upper-medium saloon range.

Honda wants to complete recruitment of the 600 before the middle of next year, Mr Shojiro Miyake, managing director of Honda of the UK Manufacturing (HUM), said yesterday.

This would allow sufficient training for Honda to reach its single-shift target of 50,000 cars within 18 months of the start of production.

The Swindon plant is scheduled to be employing 2,000 by 1995, when it is scheduled to be building 100,000 cars a year on two shifts.

Mr Miyake said yesterday that the Accord will be launched first in Continental Europe, making its debut at the Berlin motor show on October 8.

Inspectors report into Blue Arrow criticises chairman

By Jimmy Burns
and Vanessa Houlder

THE Department of Trade and Industry yesterday announced that it has applied to have Mr Tony Berry, the former chairman of the Blue Arrow employment services group, disqualified as a company director.

Inspectors appointed to investigate Mr Berry's stewardship of Blue Arrow concluded that his conduct was "clearly not acceptable". Their report, submitted to the DTI in June last year and published yesterday, said that he failed in his fiduciary duty to Blue Arrow and paid insufficient regard to his obligations as a director.

The investigation was launched three years ago into a property transaction undertaken by Blue Arrow which became the largest employment services agency in the world when it took over Manpower of the US in 1987.

Mr Berry yesterday rejected the conclusions of the DTI report and pledged, if given the opportunity, to clear his name "for ever" in the courts.

Mr Berry said the report, particularly the criticisms that on a number of occasions he "deliberately misled" the board

of Blue Arrow, was unsupported by evidence.

He said: "I find the whole thing quite extraordinary. There is no finding of fraud, improper action, or financial gain so why should I have a motive for misleading the board...I reject their findings...They are going to have a hell of a job to make this stick."

Mr Berry claimed the DTI had been forced to make a scapegoat of him under pressure of "innuendoes leaked to the press" and "people thinking there must be some great scandal".

He said that if there were errors in the way he had conducted his affairs, they were "small in the context of a whole massive organisation".

The inspectors' report exonerated Blue Arrow's non-executive directors, including Lord Tebbit, the former cabinet minister. "He at all times acted both responsibly and honourably," it said.

The report also found that the controversial property deal, which concerned a company headed by Mr Peter de Savary, was "a genuine commercial transaction" offered in good faith to Blue Arrow.

Ford plans 1,500 job losses at leading UK factories

FORD, the leading UK vehicle maker, yesterday announced plans to cut up to 1,500 jobs at its biggest UK factories in the face of falling sales caused by the recession.

The country's main car company also offered unions the chance of reducing compulsory redundancies by a six-month deferral of this year's 5% pay award, due in November. Company chairman Ian

McAllister said the planned cutbacks of 1,300 jobs by end of year in Dagenham, Essex, and Halewood, Merseyside, were a "painful but inevitable" consequence of the difficult trading conditions.

Ford said a further 137 jobs would go at Dagenham, in the east London, and Bridgend, in the English south west, in associated moves, bringing total job losses to 1,487.

Union leaders said later the number of job losses would total 2,179, and chief negotiator Jack Adams, of the Transport and General Workers Union, said the figure was a "disgrace".

Union negotiators will also be urging Ford car workers not to accept the pay freeze.

Jimmy Airlie, chief Ford negotiator of the Amalgamated Engineering and Electrical

Union, said: "We are against any wages standstill. Whatever the problems of British manufacturing, it is not high wages."

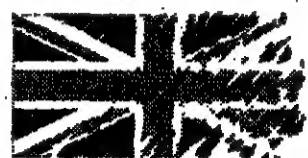
Mr McAllister said Ford was currently manned to meet peak market conditions and had maintained employment levels through short-time working with 100% lay-off pay.

He said: "This is proving to be a severe financial burden

which cannot be sustained, especially with no indication of near-term improvement."

Ford said it had maintained its investment in Britain at a high level despite the recession, with £2.4 billion being spent on new and improved manufacturing facilities and £1 billion on research and development over the past five years.

Britain in brief



EC summit to be held in Birmingham

BIRMINGHAM is expecting an influx of about 3,000 visitors when EC leaders meet there on October 16.

The summit, to discuss the future of the Maastricht treaty in the wake of the French referendum and the withdrawal of sterling from the exchange rate mechanism, will take place at the city's International Convention Centre.

Mr John Major's choice of the midlands city - Britain's second biggest - gives EC leaders an opportunity to see how they have been spending their money.

About £40m from the EC regional fund went towards the construction costs of the centre, which opened last year.

The leaders will probably stay at the adjoining Hyatt Regency hotel, which has bullet proof windows, another venture which has received public funds. They will be able to reach the convention centre along an enclosed walkway, thus simplifying security arrangements.

Chemical blast affects firemen

Firemen suffering from "glowing fingertips" after tackling a fatal explosion at a chemical plant were today being treated in an isolation ward.

Nineteen men were in a satisfactory condition in four different hospitals following the blast, which killed two workers and injured 15 others at Castleford, West Yorkshire, on Monday.

Ten firemen and one ambulance man were kept in a specially-created isolation ward as doctors consulted a top skin expert.

A spokesman said: "We are

unsure at this stage what is causing their symptoms so we have created a ward where they are not with other patients as a precaution."

The other nine firefighters were being detained in non-isolation wards following the explosion at the Hickson and Welch plant.

Accounts rules criticised

The new cash flow accounting standard needs urgent reform, if it is not to lose credibility, according to a critical analysis of British company accounts and the work of the Accounting Standards Board.

Use of the first financial reporting standard is already generating widespread inconsistencies which will cause the standard to lose credibility without urgent reform, it concludes.

The standard became mandatory for year-ends after March 93.

The findings are contained in the third edition of UK GAAP - or generally accepted accounting practice - which examines the state of financial reporting in British companies each year.

Public sector pays more

Public sector pay has outstripped settlements in the private sector for the first time since 1986, according to the government's New Earnings Survey 1992.

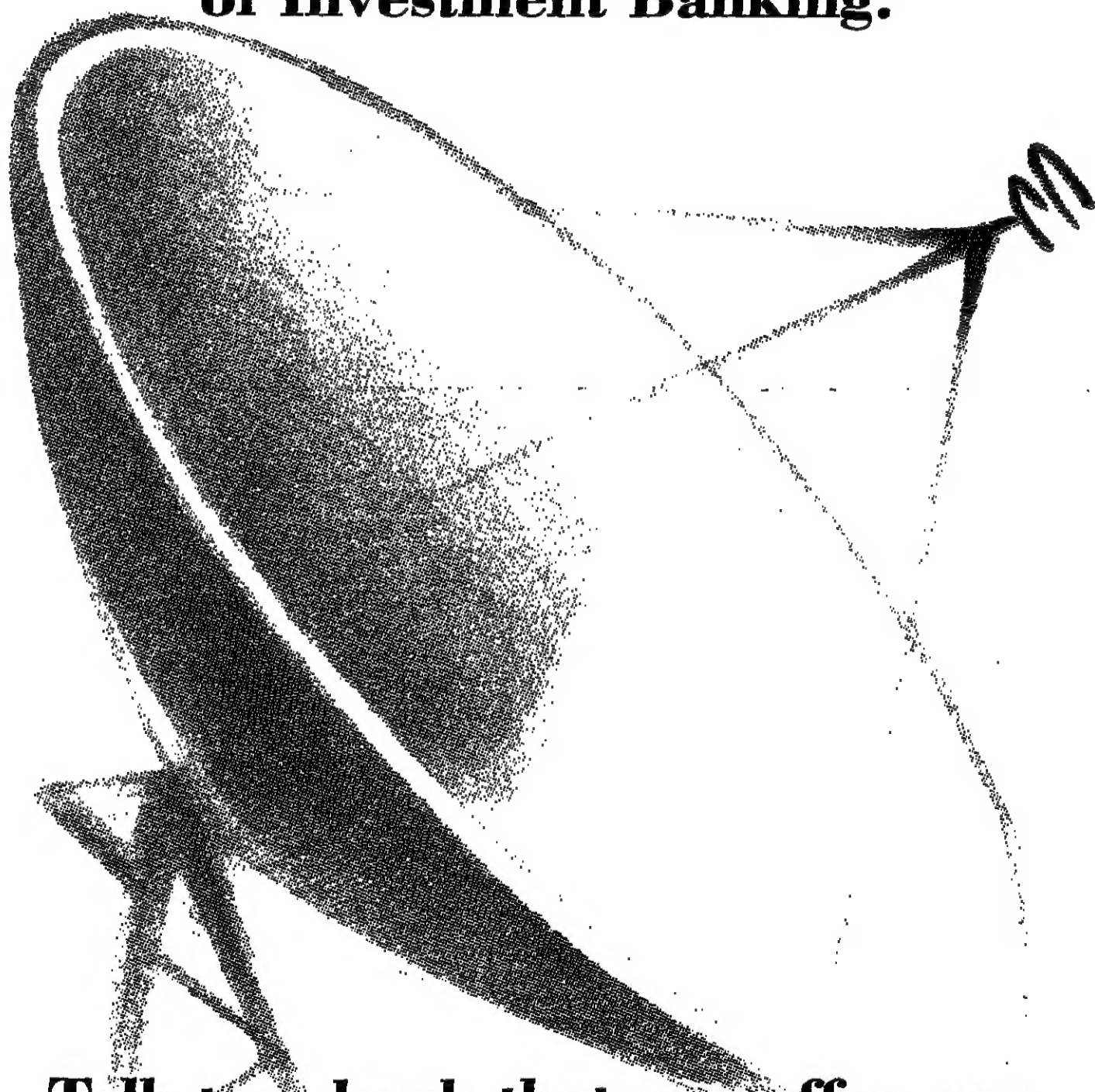
The survey showed that average gross weekly earnings of all full-time employees were £305 in April 1992.

Earnings in the previous 12 months increased more for women than for men and more for non-manual than for manual workers.

However, the survey showed that public sector employees have not been as badly affected by the recession as their private sector counterparts.

Earnings in the public sector averaged £307.80 compared with £303.30 in the private sector, or increases of 8.8 per cent or 6.3 per cent respectively on the previous April.

The small world of Investment Banking.



Talk to a bank that can offer you new horizons with a global perspective.

Meet ABN AMRO Bank. A worldwide bank with investment specialists in 1922 branches in 53 countries. A bank with a truly global perspective.

ABN AMRO Bank integrates all Investment Banking skills, allowing us to offer complete solutions to clients. Our philosophy prizes long-term relationships rather than just incidental deals. What's more, we know how to translate this global perspective to a local level, while providing all

necessary support on the ground. And because we don't only provide excellent advice, we can also help you to put it into practice, anywhere.

That's why ABN AMRO Bank will frequently impress you with solutions that open up new horizons.

INTEGRATED INVESTMENT BANKING.

ABN AMRO Bank

ARGENTINA, ARLBA, AUSTRALIA, AUSTRIA, BAHRAIN, BELGIUM, BRAZIL, BRITISH WEST INDIES, CANADA, CHANNEL ISLANDS, CHILE, CZECHOSLOVAKIA, DENMARK, ECUADOR, FRANCE, GERMANY, GIBRALTAR, GREAT BRITAIN, GREECE, HONG KONG, HUNGARY, INDIA, INDONESIA, IRELAND, ISLE OF MAN, ITALY, JAPAN, KENYA, KOREA, LEBANON, LIECHTENSTEIN, LUXEMBOURG, MALAYSIA, MEXICO, MONACO, MOROCCO, NETHERLANDS, NETHERLANDS ANTILLES, PAKISTAN, PANAMA, PARAGUAY, PEOPLE'S REPUBLIC OF CHINA, POLAND, PORTUGAL, RUSSIA, SAUDI ARABIA, SINGAPORE, SPAIN, SRI LANKA, SWEDEN, SWITZERLAND, TAIWAN, THAILAND, TURKEY, UNITED ARAB EMIRATES, UNITED STATES OF AMERICA, URUGUAY, VENEZUELA, VIETNAM, VIRGIN ISLANDS.
HEAD OFFICE: PO BOX 1000, 1000 AB, AMSTERDAM, THE NETHERLANDS. TELEPHONE: 01-201 620 83 83.

Clydesdale Bank

HOUSE MORTGAGE RATE

Clydesdale Bank PLC announces that its House Mortgage Rate is being reduced to 9.95% per annum

For new loans the rate will apply with immediate effect and for existing loans the rate will be effective from 1st November 1992.

NEWS: UK

HOUSE OF COMMONS DEBATE

Labour leader's debut wins party acclaim

By Ivor Owen,
Parliamentary Correspondent

IN A penetrating attack on the policy failures which had resulted in the forced devaluation of sterling, Mr John Smith, the opposition Labour party leader, warned that Britain faced relegation to the second division of the European Community.

In his parliamentary debut as leader of the opposition - which won enthusiastic acclaim from his party - he branded Mr John Major as the "devalued prime minister of a devalued government".

Mr Smith was equally scathing about the credibility of Mr Norman Lamont, the chancellor, in the wake of the minister's earlier repeated assurances that there was no question of devaluation.

The Labour leader recalled that in addition to ruling out

any change in the parity of sterling, Mr Lamont had also mocked every possible alternative to Britain's continued membership of the exchange rate mechanism of the European Monetary System.

"After this performance who can ever believe him in anything he subsequently says?" Mr Smith challenged.

Mr Smith swept aside protestations from Mr Major that he had failed to appreciate the force of the speculative pressures which triggered devaluation. He said: "In the course of a few weeks, the one policy with which Mr Major was uniquely, personally associated, the contribution to policies of which he appears to have been most proud, has been blown apart."

"With it has gone forever any claim by the prime minister or the party he leads to economic competence."

Mr Smith declared: "We have a government whose economic policy is in tatters, whose credibility is blown, whose incompetence has been exposed."

The Tories had been in power for the longest continuous period in post-war Britain and must accept they were the architects of "our present dismal situation," he said.

The Labour leader likened the prime minister's explanation to that of the seaman in charge of the bridge who complained "along came a wave and overturned the vessel".

Mr Smith maintained that instead of "walking blindly on" when the strength of the speculative pressures first became apparent, the government should have used Britain's presidency of the European Community to secure a general realignment of the currencies in the ERM.

Maastricht treaty pledge from Major

MR JOHN MAJOR yesterday launched an unapologetic defence of the government's decision to abandon the European exchange rate mechanism, insisting before a rowdy Commons chamber: "There was no choice," writes Ivo Dawney.

His frequently interrupted speech, targeted as much at his own backbench Euro-sceptics as at the Labour opposition, warned that there was no possibility of a return of the pound to the system "in the near future" or into an un-reformed ERM.

But, in a passage that was not well received by Tory opponents of the Maastricht treaty, Mr Major also insisted he would press on with ratification of the accord once Denmark had said how it would proceed to a second referendum.



FIGHTING PERFORMANCE: The prime minister pictured at the despatch box in the House of Commons yesterday

The note on ERM that could strike discord

Subtle shifts in economic policy may signal a cabinet split, reports Philip Stephens

ON Monday evening civil servants inserted an identical note into each of the bulky red boxes that ministers take home at night to keep up with the flood of paperwork generated by the Whitehall bureaucracy. The heading on the briefing note was straightforward enough - ERM: new line to take.

It was not remarkable that the Treasury was keen to ensure in such sensitive times that cabinet ministers spoke with one voice about sterling's ignominious departure from the European exchange rate mechanism. But the seemingly innocuous prepared responses to questions ministers might face concealed a significant shift in policy.

Between the lines, the note confirmed that Mr Norman Lamont, the chancellor of the exchequer, had unilaterally changed the emergency policy the cabinet had agreed four days earlier in the immediate aftermath of the ERM debacle.

The tone reflected a substantial hardening in the Treasury's conditions for the pound's eventual re-entry into

the ERM; and a softening in the priority that would be given to the defeat, as opposed to the control, of inflation.

Those changes foreshadowed the cut of 1 percentage point in interest rates announced the next morning. They explain why the common front established by the cabinet threatens to disintegrate into another full-scale battle over Europe.

Colleagues say Mr Lamont has departed significantly from the spirit if not the letter of the carefully worded deal struck at the end of last Thursday's cabinet meeting. His about-turn is the more remarkable because he was most prominent in framing the statement, issued after that meeting, which reaffirmed government resolve in the fight against inflation and said the pound would be put back into the ERM "as soon as conditions allow".

It followed a long debate in which Mr Michael Howard, environment secretary, put the case for semi-permanent suspension. Mr Kenneth Clarke, home secretary, argued forcefully for quick re-entry.

There was a general discussion of the need for the turmoil on the markets to subside and for some structural reform of the ERM. But by the end, a clear majority agreed that sterling's departure should be strictly temporary and the government's commitment to Europe undiminished.

The only real backing for Mr Howard came from Mr Peter Lilley, social security secretary and, to a lesser extent, from Mr Michael Portillo, chief secretary to the Treasury. Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, trade and industry secretary, lined up with Mr Clarke.

Mr Lamont was the most forceful in demanding that the "as-soon-as" phrase be released publicly to underpin confidence in the markets. He repeatedly emphasised the need not to let up in the fight against inflation.

The timescale was not defined. But pro-Europeans ministers such as Mr Peter Lilley, environment secretary, put the content that the phrase meant weeks or at most two or three months. Everyone agreed that they should not reveal the content of the debate but, as one

put it: "We were sure that Norman [Lamont] was on our [the pro-ERM] side."

Mr Heseltine and Mr Clarke have stuck to the cabinet line, modifying it only to accommodate Mr John Major's decision that the workings of the ERM should be central to the agenda of the emergency summit of EC leaders next month.

But Mr Lamont has rejoined in his new-found freedom, lengthening the list of conditions for re-entry to the ERM and quickly cutting interest rates in spite of a 10 per cent devaluation of the pound.

He has reminded colleagues that he has always been on the Euro-sceptic wing of the party. His anti-inflation rhetoric has been subtly modified to put the aim of economic growth alongside that of low, rather than zero, inflation. Other ministers are beginning to suspect that the chancellor may now want to stay outside the ERM indefinitely. They are determined to fight that policy.

Mr Major has so far stayed neutral. A Euro-sceptic edge

has crept into his rhetoric and he sanctioned the reduction in interest rates - but he has consulted closely with Mr Clarke and Mr Heseltine.

He may be playing a tactical game - aiming to win back the "soft" Tory Euro-sceptics by securing an end to recession before rebuilding his economic and European policies. Pro-European ministers are giving him the benefit of the doubt.

The same cannot be said of Mr Lamont. Some colleagues believe that the chancellor has decided to buttress his own position by emerging as the most prominent spokesman in the government for the Tory Euro-sceptic wing.

When the chancellor joined his colleagues for yesterday's cabinet meeting he would have been able to point to the intense strains on the ERM this week as justification for his caution on re-entry. But if he confirmed the suspicion that he intends to embark on an economic policy that detaches Britain from the European mainstream he will be setting the stage for a bitter cabinet struggle.

Heritage minister resigns after drift in MP support

By Ralph Atkins

MR DAVID MELLOR resigned as national heritage secretary last night after accepting finally that a summer-long onslaught by tabloid newspapers and - more recently - from Conservative MPs made it impossible to remain in his job.

Mr John Major accepted Mr Mellor's decision as executive officers of the Conservative backbench 1922 Committee met to consider demanding Mr Mellor's resignation because of the damage he was causing the government.

The announcement came less than 24 hours after Mr Mellor launched a last-ditch attempt to salvage his career in a series of interviews in which he protested that he had been caught in "a trial of strength between the tabloids and the Prime Minister".

But Mr Mellor had said that he would go if remaining in

the government would embarrass colleagues. As MPs returned to Westminster for the emergency debate on the economy it was clear that his support on Tory backbenches was disappearing, with the 1922 executive preparing to act as official executioners.

Mr Major, who invested much political capital in remaining loyal to Mr Mellor during the summer, accepted the resignation with "deep regret". But it appears he made little attempt to dissuade Mr Mellor.

A successor is expected to be announced shortly. Speculation last night centred on Mr Stephen Dorrell, financial secretary to the Treasury, Mr Tristan Garel-Jones, foreign office minister, or Baroness Blatch, education minister.

Mr Mellor telephoned Downing Street before 8am yesterday, saying he was minded to resign.

On allegations that he had acted improperly in accepting a paid holiday in 1990 from Mrs Mona Bauwens, daughter of a prominent Palestine Liberation Organisation member, Mr Mellor wrote that he was glad the prime minister had "been able to make clear that... I have acted within the guidance on the conduct of ministers".

He also thanked Mr Major for deciding that his "folly" becoming embroiled in revelations of an affair in July, "did not warrant my leaving the government".

His resignation brought regret from prominent members of the arts world.

"It is a thousand pities that his tenure as secretary of state for a brand new department, which was so full of promise, has been cut short in such tragic circumstances," said Lord Palumbo, the chairman of the Arts Council.

HELLO ISTANBUL



As Turkey's leading full service merchant banking group, we are here for the right advice on trade and project finance, leasing, factoring, insurance, or the capital markets. This is complemented with our integrated world-wide network of banking affiliates in Banque Internationale de Commerce, Paris and Geneva, BIC International Credit Plc, London, and, The Park Avenue Bank in New York.

Whenever you have a business related to Turkey talk to us. For further information, please contact either Arthur Wilkinson at our London Representative Office or Nebahat Tokgoz at our Head Office at the following addresses:

London Representative Office: One London Wall Buildings, London EC2M 5NX, Tel: (071) 638 2820, Telex: 913359, Fax: (071) 638 2823
Head Office: Büyükdere Cad, 165 Esentepe/Istanbul, Tel: (1) 274 1111, Telex: 26021, Fax: (1) 274 7028

**IKTİSAT
BANKASI**
TURKEY'S MERCHANT BANK

FOR SALE
THE HEAR
GENE
let: Presti
Building 4700
deal for
banking prem

Double whammy for Hatfield

Vanessa Houlder reports on a town feeling the full force of recession

BAe's announcement this week that it is to close its historic plant at Hatfield in south-east England with the loss of some 2,300 jobs is the second recession-induced blow to have hit the town within the past fortnight.

The Hatfield Galleria, which went into receivership with debts of £175m, is the other casualty and it could hardly be more conspicuous: some 40m motorists a year drive past the hangar-like steel and glass structure that straddles the A1 dual carriageway.

From the day it opened in September last year, the centre has drawn attention to itself with fanfares of marketing hype. "An opulent, relaxed, spacious and dazzling shopping centre modelled on the most prestigious malls in the US," it boasted.

There are no shortage of factors that finally forced the centre's downfall. The overriding problems, according to Mr Scott Barnes of Grant Thornton, the receiver, were two-fold: cost overruns and the harsh economic climate which cut rental income. The latter factor was particularly severe since rents were linked to turnover.

Equally, the collapse of the project can be blamed on fundamental

flaws in its conception and its controversial planning history.

The story of the Galleria began in the early-1980s when the local Welwyn Hatfield Council agreed in principle to build a shopping centre on land on top of the tunnel over the new A1 dual carriageway at Hatfield.

The council tried to allay the fears of local developers and retailers by emphasising that the new centre would be a "speciality leisure centre", which would be obliged to exclude fashion, convenience, food and variety shops.

Critics argued that such a scheme would not be viable. "We felt the scheme would never work," said Mr Roger Carey, development director of Slough Estates, which built a rival shopping centre in nearby Welwyn Garden City.

But the Hatfield scheme was given planning consent in 1986 by Mr Kenneth Baker, then secretary of state for the environment, who overruled the decision of a public inquiry. By then, retail fashions had changed and the developers decided to upgrade the centre from a "covered street" to a shopping mall.

At the same time, the developers concluded that the centre needed more flexibility in its choice of tenants. After some behind-the-scenes



Hatfield Galleria: the "fun shopping centre" has finally closed its doors after debts of some £175m

dealings by the council - later described by a High Court judge as an "abuse of power" - restrictions on the choice of tenants was relaxed. Slough Estates is set to sue the council for damages on the grounds that it would not have gone ahead with its project in Welwyn had it known that the Galleria would ultimately seek similar retail

It is unclear whether the catchment area can support a 'theme' centre

ers to its own project.

But even if the Galleria took business away from neighbouring town centres it was not a success in its own right. Property consultants attribute the Galleria's problems to the lack of an "anchor" tenant and its relatively small size, which limited its appeal to shoppers outside its vicinity.

The Galleria tried to make a virtue out of its lack of well-known high street names and its emphasis on boutiques, restaurants, cinema and a health club.

This concept of "fun shopping" lost its appeal in the depths of recession. In any case, it is still unclear whether the Galleria's catchment area is affluent enough to support such a "theme" centre.

The Carroll Foundation, a private diversified industrial group which developed the Galleria and is considering a rescue, rejects this criticism. It points out that when the centre opened 85 per cent of its 380,000 square feet was let. Furthermore, some shops and restaurants report brisk trade.

Instead, Carroll attributes the Galleria's financial problems to "a combination of a £50m cost overrun in the initial £50m construction budget, an 18-month delay in the original 21-month building timetable and the failure to complete the complex to its original specifications."

Carroll has issued writs totalling more than £50m against several parties, including Aukett Group, the architect. Aukett says that teaching problems are only to be expected for a development of this size. "We will defend ourselves vigorously," says Mr Gerry Deighton, Aukett's chairman. "We are not aware we have done anything other than we should have."

Whatever the reasons for the cost overruns, the centre's finances have become unsustainable. Its debts cannot be serviced by its income. A year ago, the developers predicted income of about £10m for 1992.

But the receiver is upbeat about the project's prospects once it is able to support a smaller debt burden. "The Galleria now faces a rosier and more secure future," Grant Thornton said last week, announcing the receivership. Even last week, its comments seemed optimistic. The announcement of more than 2,000 jobs losses at Bae's Hatfield plant will put that optimism to the test.

A dismal August

In August, commercial property posted its worst performance so far this year, according to the Investment Property Databank, an independent research group, writes Vanessa Houlder.

Total returns slipped back to -0.2 per cent, the lowest single monthly return in 1992. A 0.05 percentage point rise in equivalent yield caused capital values to fall by a full percentage point, the single largest fall this year.

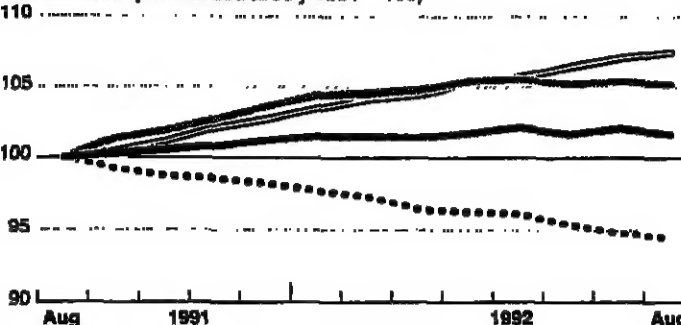
August's poor results have dragged down the year-on-year results, with the total return for the year to August falling back to 1.8 per cent. Rental values continue to fall, dropping by half a percentage point to -7.5 per cent for the

year ending August. The gap between retail and industrial returns continues to widen, as yields in the industrial sector were driven upwards. The average equivalent yield was pushed to its highest level yet at 11.2 per cent.

Rentals were the only sector to show a positive return, with a total return of 0.1 per cent. Office property was the worst hit sector. Rental and capital values fell by about 1.5 percentage points and total returns fell almost half a point below July's return at -0.8 per cent. The industrial sector has shown signs of volatility, with a total return in August of -0.2 per cent.

IPD monthly index

Total return (Index based at July 1991 = 100)



Monthly change (Index based at Dec 1986 = 100)

	Aug 1992	Jul 1992	Change		Aug 1992	Jul 1992	Change
IPD	167.45	167.86	0.18	IPD	100	100	0.00
Retail	155.79	155.61	0.80	Retail	100	100	0.00
Office	158.33	159.55	-0.62	Office	100	100	0.00
Industrial	232.91	233.29	-0.27	Industrial	100	100	0.00

Exceptional Values On Premier Properties Being Offered For Sale By Sealed Bid

Commercial Properties In Texas, California, Colorado and Louisiana

- Apartment Complexes
- Office Buildings
- Industrial Facilities
- Investment & User Land
- Retail Centers
- Ranch Land
- Special Use Properties

BID DEADLINE OCTOBER 15, 1992
Selective Financing Options On Specified Properties

Call For Catalog
1-214-369-0931

Or Fax Request And
Credit Card Number To 1-214-369-1357

Catalogs Only Available By Expedited Delivery
Charged to MasterCard or Visa

A Joint Venture Of
NEWMARKET GRUPOHNA COLE
THE COLLINS COMPANY

Look Box 702 • 10440 North Central Expressway • Dallas, Texas 75231 • USA

ON BEHALF OF
COLGATE-PALMOLIVE ESPANA SA

MADRID N-11 MADRID BARCELONA HIGHWAY FOR SALE

Modern Production/Distribution facility and offices with expansion land.

16,000 m² MODERN
ACCOMMODATION
ON SITE OF
13 HECTARES

Weatherall
0347 310 1016

IN THE HEART OF GENEVA

To let: Prestigious
Building 4700m²
ideal for
banking premises

For information:
GEROFINANCE SA 1206 Geneva
7, rue Robert-de-la-Roc 181 022/347 55 44 Fax 022/347 61 50

AYLESBURY 47,131 sq. ft.

Modern 18ft. eaves.
Warehousing.
Low rental.
All enquiries.
Brown & Merry
Commercial
0296-415569

YOUR FUTURE OFFICE IN

LONDON, SW19

Available for reasonable rent in
prestigious new office building.
a) 233 sq m (2500 sq ft) on first floor at
£15.00 - per sq m

b) 442 sq m (4700 sq ft) on third floor at
£15.00 - per sq m

Partitions possible as per request.

Top floor: 8 min. walk from Ladbroke
Park Station, 3 minutes drive from M-
Road connection. Ladbroke Park, Ladbroke
Park, Ladbroke Park and Ladbroke Park.
Information available about great
advantages of Company-Domicile in
London, such as low company taxes,
reasonable level of wages, best central
position (70 minutes from Zurich Airport).
Please ask for full information and
discussions from **Weatherall**, 10, 11,
12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

0101/11/44-42-44. Fax 0101/11/44-42-48

LONDON W1

Newly refurbished open plan office 3000 sq ft
in prominent landmark building 24 hours
security and 3 lifts. Prime location near Park
Avenue.

PARK LANE, MAYFAIR

W1 Executive office suite approx. 1200 sq ft
with delightful views over Hyde Park.
Porter, automatic lift, central heating,
prestigious entrance hall. Lease expires
November 1992. Substantial Reverse
Premium.

BUCKINGHAM PALACE ROAD

SW1 Refurbished period office to let from 500
- 1000 sq ft on single floor 2 mins walk from
Victoria station. New lease. From June 2000
and.

MELBURN & HARMING

071-495-0864

FOR SALE, former church premises. Con-
verted to office accommodation. 10,200
sq ft. 50% complete. Unoccupied. For fur-
ther information call 0852 494944.

Wentzel Dr.

Ursprung 1820

Traffic-strategic favorable location (Autobahn junction) industry
and business developing area (approx. 70,000 m²) with extensive
build on reserve (GIA/GA-area, suitable conception industry/business
park); approx. 20,000 m² space old construction substance for
production, depot and business; sale and lease back desired by the
seller for parts of the space (area).

Price DM 16.3 Mio.
plus commission

Tel: Germany +49 40 35 33 78. Fax: +49 40 35 33 96.
Hamburg • Essen • Schwerin

BERLIN INTERNATIONAL PROPERTY SHOW

BERLIN NOVEMBER 9-13 1992

Meetings & exhibition with the participation of the most significant
speakers and companies as

BERLIN TOWN AUTHORITIES
TREUHANDANSTALT
BUNDESBANK
HELLER MACAULAY EQUITIES N.Y.
ARTHUR ANDERSEN
JONES LANG WOOTTON
AUGUSTE THOUARD FR.
THE SPOERRY GROUP
ED. STONE JR. FL.
BANK INDOSUEZ
CAISSE DES DEPOTS

ENQUIRIES & REGISTRATION
WAPIC CODETEM BRUSSELS

PHONE 322 347 30 62 FAX: 322 346 12 67

WAPIC GENEVA

PHONE 41 22 7 989 989 FAX 41 22 7 910 885

"On the instructions of North West Thames Regional Health Authority
and the Special Trustees of Westminster and Roehampton Hospitals
on behalf of the Secretary of State for Health"



Vincent Square

WESTMINSTER • SW1

An exciting opportunity

A substantial portion of the whole of the
south western side of this important
London square is available for
redevelopment. Total site area
approximately 1.4 acres.

Planning consents have been granted for
a total of 77 flats and 5 houses in a
mixture of new build and the conversion
of attractive existing buildings together
with a new filling station on Vauxhall
Bridge Road. Development proposals
have also been prepared for the
refurbishment of 9 existing houses and
the construction of a further 2 new houses
together with a new block of 15 flats.

The site is available in lots, the smallest
extending to 0.36 acres.

For Sale Freehold on a flexible basis

Enquiries to Martin Sandys

Weatherall
071-405 6944

A Guide to UK Property

to be published on

Friday 6th November

For editorial synopsis

and advertising rates.

Please call

Wai-Fung Cheung on

071 873 3574.

Riverside 3

Co-Owners seek shrewd investor/occupier for long
leasehold quality B1 Unit of 1,372 sq. ft. to take
advantage of Channel Tunnel and Midway Tunnel in
1995.

UBR. free until '93.

Flexible terms. Contact: Mr K.D. Dempster.

Watson Day Chartered Surveyors Tel: (0634) 831118

43 BERKELEY Square

PRIME MAYFAIR OFFICE BUILDING

5,000 SQ FT TO LET

ANY REASONABLE OFFER CONSIDERED

BAKER LORENZ 071-409 2121 IAN SCOTT 071-493 9911

Richard Ellis

PARIS 8th AVENUE HOCHÉ

in sight of the Arc de Triomphe up to 392m²

of prestigious office space.

Ideal for Embassies, Governments or

Multinational representative offices

Contact: Eduard PESCH

33 1 45.63.08.08

Commercial Property appears every Friday.

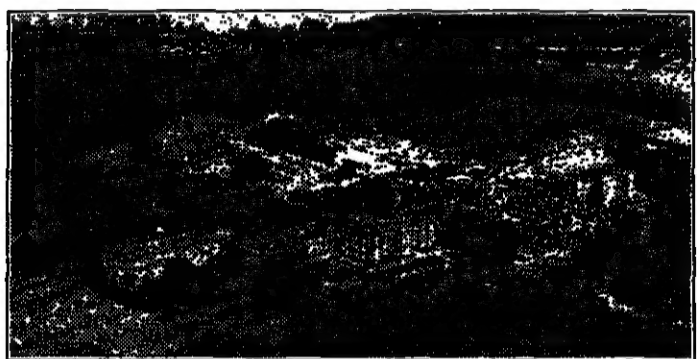
For full details please call

Dominic Morgan on 071 873 3211

FOR SALE FREEHOLD

ST AUDRY'S

MELTON, NR IPSWICH, SUFFOLK



A SELF-CONTAINED COMPLEX OF 400,000 SQ FT
SET IN MATURE 125 ACRE PARKLAND
BORDERING ON THE SUFFOLK HERITAGE COAST

BIDWELLS

CHARTERED SURVEYORS

0473 611644

CAMBRIDGE • IPSWICH • NORWICH • LONDON • PERTH

TRADING UP, OR TRADING DOWN!!



FULLY FURNISHED & EQUIPPED INDUSTRIAL UNIT

Our company has recently spent a small fortune in equipping and
occupying a new 5,000 sq-ft industrial sales, distribution and
demonstration unit situated in South Leeds alongside the M1
Motorway at Junction 45. Unfortunately, we have now decided not
to proceed with this plan in view of the present trading conditions.

ITS A PITY, BUT THERE YOU ARE!

The elegantly decorated 500 sq ft of offices, conference rooms,
kitchen and reception are all equipped with new desks, carpets,
curtains and a telephone system. The sales area has painted
floors and the distribution area has heavy duty racking to receive
120 pallets. The entire area is lit, heated and ventilated to a very
high standard. Three phase electricity is installed throughout the
2,000 sq ft demonstration or works area.

If you want it, it's yours, on lease or rent, at £5.00 per square
foot, and we will throw in all the fixtures, fittings and furnishings
which will enable you to open immediately. Please contact the
Managing Director (who just broke his fingernails getting it open)
on 021-325 6481 and we will make an appointment for you to
view.

FORMERLY

THE GRESHAM CLUB

UNIQUE FREEHOLD OPPORTUNITY

FOR SALE
8,820 SQ FT

IN THE HEART OF
THE CITY OF LONDON

The property has a number of substantial
meeting/dining rooms suitable for a
wide variety of uses, subject to
obtaining any necessary
planning consents.

Weatherall
071-658 9011

For Sale, Florence Italy

Modern warehouse and offices.
46000 sq ft with excellent access to
covered loading bays.
For information in Italian, ring:
010-30-2-34112/141767. For
information in English, ring:
010-30-127-309254 or 010-30-30104209

FORWARD DEVELOPMENT CONSULTANTS

Site finding, acquisition and Gen-
eral Land Agents. Also offering an
Independent Property Re-Location
Service for Worldwide Companies.

Tel: (0270) 691791 Fax: (0270) 693781

IBM keeps open mind

International Business Machines, acknowledging that some of its big customers are "downsizing" from mainframe computers to open systems networks, is to make its mainframe-class transaction processing software available for use on high-performance IBM computer workstations.

The announcement marks a significant shift for the world's largest mainframe computer maker and reflects the new level of freedom that has been accorded to IBM business units to compete among themselves to provide customers with the best possible computing solutions.

Transaction processing involves the use of computer systems to collect, process and update quickly and accurately online information such as customer purchase records or bank account statements.

This area is traditionally the stronghold of IBM mainframe computers.

However, many IBM mainframe users are now looking to add open systems computing networks, including Unix systems, as a cost-effective alternative to expanding mainframe systems, IBM acknowledges.

Previously, according to competitors, IBM has only reluctantly offered its computer workstations to commercial customers, instead proposing mainframe or minicomputer-based systems for "mission critical" business applications.

With computer workstations, originally aimed at scientific and technical applications, now being used increasingly by commercial customers such as airlines, banks and insurance companies, IBM has shifted its stance.

"IBM intends to be a leader in the fast-growing open systems transaction processing market," said Bill Filip, IBM vice president and president of the advanced workstations division, announcing two additions to the IBM RS/6000 line of workstation that offer performance improvement of more than 20 per cent.

Louise Kehoe

Hard rock is a favourite subject among the employees of Scandinavia's construction and mining equipment companies, but they are unlikely to be discussing the latest heavy-metal band to hit the nightspots of the Nordic region.

For Europe's most northerly engineering companies hard rock is the ground under their feet. Producing equipment to drill, hammer or crush it is a challenge which, once overcome, can provide a passport to success in world markets.

Nowhere is that more important than in Finland, where the frozen terrain has bred a number of equipment producers which have benefited in export markets from the expertise necessary for their equipment to survive the battering it takes at home.

For Finnish companies such as Rammer, which makes hydraulic hammers, Lokomo, which produces crushing equipment, and the rock-drill and underground loader producer Tamrock, exporting is now more important than ever.

The local market - down by 70 per cent or more over the past two years, depending on the sector - makes the UK equipment sector look like a beacon of prosperity. But even in good times Finland has been too small a market to support engineering companies' product development spending, and forced companies to look overseas.

Not everywhere outside Scandinavia has such hard rock, however, and the Finnish suppliers have had to spend heavily to manufacture a range of products suitable for all environments or to convince prospective purchasers of new uses for their hard rock equipment.

The Finnish engineering sector has been through considerable upheaval over the past decade, but manufacturing is emerging as a key weapon in equipment producers' attempts to build on their hard rock foundations and remain competitive internationally despite being tucked away in a corner of Europe.

In Lahti, the provincial Finnish town best known as a ski-jumping centre, production of small hydraulic hammers has undergone a quiet revolution since 1990 when Rammer's new automated factory was opened. The factory is one of around 40 flexible manufacturing systems in Finland, with three manufacturing and assembly cells grouped around an automated warehouse system into which raw materials are fed. The critical hammer parts are produced by computer-controlled machining centres and robots and matched with subcontracted parts, with final assembly mainly by hand.

According to Olli Vartiainen, a production expert at the Rammer manufacturing company Bretec, production times have been reduced from four weeks to one week, and Rammer's new 20-series hammers have been "designed for manufacture" from the start. But other important advantages of the new system have been increased flexibility and technical quality. The factory was planned to handle six hammer variations, but is now producing more than 40, he says.

The new system is timely for two

Andrew Baxter explains how Finland's rock bashers are sharpening up their skills

Hammer and icicle



Rocking around the clock: Rammer's hydraulic hammer

reasons. Following a reorganisation this year, Bretec (short for breaking technology) has become a manufacturing unit within Rammer Detec, a holding company ultimately owned by Outokumpu, the big Finnish mining and engineering group.

The Rammer sales company has become a Bretec customer, a system which keeps everybody on their toes. But the new factory has also allowed the group to exploit what

Pekka Heikkonen, Detec president, sees as an important change over the past two to three years in the relationship between hammer manufacturers and producers of the excavator to which hammers are normally attached. "Excavator manufacturers never used to be interested in the attachment business, but now they are," he says. "If they sell an excavator with attachments as a package, they can get more added value per unit."

But each excavator company has different design priorities, and none wants to become involved in manufacturing hammers, so companies such as Bretec, which is making hammers for Caterpillar, have an opportunity so long as they can respond to several different customers at the same time.

In the past two months Tamrock, based in Finland's third city of Tampere, has also opened a new factory producing rock-drills. For Tamrock, Finland represents only 2 per cent of sales, and the company has expanded from its base in hard rock drilling into all grades of rock and earth-drilling where different methods apply. That requires investment in the latest flexible manufacturing technology to maintain the company's competitiveness, says Markku Varjanta, marketing communications manager.

But perhaps the biggest transformation in manufacturing methods and culture has occurred at Lokomo, also based in Tampere, which was founded in 1915. On a site which over the years has produced a huge range of mechanical equipment, production has been concentrated on Lokomo's crushers and manufacturing cells installed over the past decade.

Overall, says Kauko Hinkkanen, workshop manager, manufacturing lead times have been reduced from six to 12 months to just eight weeks. "That's very important for us, because with so many variations and options, forecasting is very difficult," says Pekka Pohjolainen, area manager.

As at Rammer, Lokomo machines the critical parts of its crushers itself, but has taken the unusual decision to retain its own foundry. Keeping Lokomo Steels, the biggest steel foundry in Scandinavia, is not just a question of ensuring access to large, high-quality castings. Since 1982, the foundry has built its future around "vacuum steel" which has low levels of impurities.

The extra-tough vacuum steel allows Lokomo to use lighter castings for its rock crushers, but also gives the foundry a strong position making castings for water-turbines, diving bells and other equipment where steel strength is crucial. "Vacuum steel is the reason why we are still alive," says Tapio Saari, Lokomo Steels project manager.

Worth Watching - Andrew Baxter



Helping firemen breathe easier

The technology that helped British "superbike" cyclist Chris Boardman win a gold medal at the Barcelona Olympics is also being used to provide ultra-lightweight breathing apparatus for firemen.

EFIC, part of Racal Electronics Group, has launched a new generation of carbon/glass fibre hybrid cylinders bringing weight savings of up to 70 per cent over traditional steel equivalents. Weight-for-weight, the carbon fibres are also 20 times stronger than steel.

The cylinders are made from high-performance carbon fibres in an epoxy resin matrix, wound round an aluminium alloy liner. An outer laminate of glass fibre/epoxy is then applied as an additional barrier against abrasion and impact damage.

The new cylinder weighs 3.4kg compared with 10kg for a typical nine-litre cylinder used by British fire brigades. EFIC: UK, 0909 731896.

Filofax becomes computer-literate

Filofaxes were one of the indispensable business accessories of the 1980s but computerised equivalents, in the form of personal information management software programs, were much slower to take off.

Now Threadx, a UK software company, and Lotus Development of the US are hoping to change that by teaming up to offer the Lotus Organizer, the first personal organiser for the increasingly popular Windows computer environment.

The Lotus Organizer retains the look and feel of a traditional leather-bound organiser but has Windows capabilities with features such as SmartIcons which are common to all

Lotus-authored Windows applications.

Via a mouse or tracker ball, the user can switch between six sections - Diary, To-do List, Planner, Address Book, Notepad and Anniversary - and information in different sections can be linked for quick reference. Lotus Development: UK, 0784 455485.

Screwbolt to the rescue

DIY enthusiasts know all about fixing shelves to a wall with plugs and screws, but the building industry normally uses products such as expanding anchors - you drill a hole, drop the anchor in and "torque" it up.

Plasterer Charles Bickford, who is also managing director of Essex-based PA Fixings, has come up with an alternative - the Escalibur Universal Screwbolt.

The device can be used in timber, screeded blocks, brick, masonry, concrete and even steel plate, does not expand and requires no plugs. The screwbolt cuts its own way into a pre-drilled hole with a unique wide-spaced thread, leaving a thick band of material between the thread. With a conventional fine thread, material such as brick crumbles. PA Fixings: UK, 0703 206962.

Tractor takes on a heavier load

Battered by the vagaries of the weather and the Common Agricultural Policy, Europe's farmers are demanding ever-increasing efficiency and productivity from their tractors.

That means larger, heavier implements at both ends, and hence heavier engine blocks and transmission cases to carry the load. But, with the conventional block design of a tractor, this leads to a disproportionate increase in the overall weight, raising energy consumption and soil compaction.

Deere, the big US tractor group, is now tackling the problem with its new 6000 and 7000 Series tractors, which incorporate an independent steel frame that forms the tractor's structural backbone. The full-frame design is intended to give better weight distribution, improving the performance and making it easier to fit front-mounted implements. John Deere: UK, 0849 60491.



WHY FLY BUSINESS CLASS WHEN you CAN FLY WORKING CLASS?

Pie charts and blue chip accounts. On a BAC Corporate 1000 you can get your teeth into them in total comfort and security.

Cabin layouts, or should we say office layouts, are designed and hand crafted to your specifications,

enabling you to stretch your imagination as well as your legs. The largest mid-sized business jet in production, it has a cabin capacity of 680cuf.

Scroll down its 24.4ft long cabin and you'll find that it has a height for heads. Take a trip to the galley

(immaculately furnished, complete with kitchen sink)

and you won't end up impersonating a sardine.

Along with toilet facilities, wardrobe and baggage

compartments, craftsmanship is built into every

1000 as standard.

For detailed information on the Corporate

1000 and its sister ship the Corporate 800,

simply send or fax us your business card.

The BAC Corporate **CORPORATE JETS**

1000. A business jet for the working man.

Corporate Jets Limited (HTF2), Comer Way, Hatfield AL10 9TL, England. Fax: (0707) 253897.

We investigate the man behind The Singing Detective



IN THIS week's Times Saturday Review we explore the dark and bizarre world of playwright Dennis Potter. Ginny Dougary reveals more about him than even his highly autobiographical plays have done.

To Russia with love.

Peter Hughes travels for a long weekend to Moscow and discovers how the evil empire has given way to a friendlier one, which takes Visa.

Grand plans.

Bryan Appleyard talks to Will Alsop, a brilliant architect whose work has always been

considered too radical to be taken seriously - until now. He is the man chosen to put his mark on the traditional face of Paddington Station.

A good weekend's reading.

Cheap ways to update your wardrobe, Stephen Bayley on the menace of the urban cyclist and Clement Freud talks porridge with Derek Hatton. Plus Jonathan Meades is in Brighton this week on his tour of restaurants, cafes and dives.

THE SUNDAY TIMES



Recalcitrant top executives in Britain should not count their chickens. Contrary to what they may have heard a week ago, before its latest meeting, the Cadbury Committee on the financial aspects of corporate governance is now unlikely to backslide on the substance of two of its most important proposals.

But nor should advocates of better governance relax. They still need to reinforce the committee's resolve - and to warn boardroom dinosaurs that the alternative to Cadbury's mild proposals will be the imposition of tough regulation. That, in a nutshell, is the delicate balance of the situation facing opponents and supporters of the committee's proposals as, over the next two months, its members try to decide which proposals should be amended - rather than merely reworded - in the light of the many responses to the draft code which was issued in May. Some bodies have complained that various proposals are excessive, others - notably institutional shareholders - that they are far too puny.

At this stage, only one thing seems sure from talking privately to members of the committee, including radicals: that, despite all the flak it has suffered from both sides, it still wants to try to foster a consensus in support of its proposals - or, at least, in compliance with them. The committee is therefore unlikely to toughen up many of its proposals before the finalised code is published in December. This is in spite of the fact that most are

The Cadbury Committee is under pressure over its plans to reform corporate governance. Christopher Lorenz assesses the arguments

Standing firm under fire

extremely mild compared with the governance regulations which either already exist in the US, or are being proposed by the Securities and Exchange Commission.

Instead, moves are afoot to spark the creation of some sort of continuous Cadbury review mechanism over the next two years, which could lead to changes during that period in response to corporate behaviour. Originally, the committee proposed merely a review period after that time.

Two of the Cadbury proposals have created a particular stir. The first, supported strongly by the Stock Exchange, is the one which gives the draft most bite (the only one, some critics would argue): that a new listing requirement should oblige companies to declare the extent to which they comply with the code. Where they do not comply, they would have to explain why. Since this compliance statement would be in each company's annual report, it would give shareholders the right to raise the whole subject in detail at annual general meetings.

That is precisely why some top managers oppose the idea. It is why certain members of the Confederation of British Industry persuaded their organisation to object to the

proposal on the grounds of "bureaucracy", despite the fact that the CBI's representative on the committee had already supported it. With typical tact, the committee's chairman, Sir Adrian Cadbury, has instead attributed the CBI's opposition to a misplaced fear that the code's clauses would themselves be enforceable. To most people, the difference may seem a fine one.

But it is actually rather more than that, since it enables the committee to state honestly, in the best (or worst) tradition of British self-regulation, that compliance with the code's contents is voluntary. To remove any risk of further misunderstanding about the compliance requirement, the wording surrounding it is likely to be changed in the final Cadbury code - but not the requirement itself.

The second most controversial proposal is that non-executive directors should "monitor" the activities of directors. The noisiest objector here has been the Institute of Directors, which has complained that this would split the board into two interest groups. It has also been argued that this would, in effect, create a two-tier board - a notion which is always held to be anath-

ema to most British top managers, on the grounds that it would open the door to the European Commission's hated employee-directors.

The Cadbury Committee is perfectly aware that, in reality, a growing number of large company boards in the UK has a majority of non-executive directors, who also form either the majority or the entirety of the board's remuneration and audit committees. So they are already, in a sense, on the way to being two-tier. In its report, Cadbury, the Institute of Chartered Accountants of Scotland wisely advocated much greater debate about the virtues of two-tierism.

Yet, in the interests of consensus, the committee is likely to skirt this issue. It will tone down the wording of its "monitoring" proposal, and make a declaration of continued faith in the ability of board members to play a proper supervisory role within a unitary structure.

For the same reason of consensus-building, and also because its remit was supposedly too narrowly financial, the committee is unlikely to take much account of the widespread complaint that it is being far too soft on two of the hottest issues of all: the bases on which top pay packages are both decided and disclosed (or not, as is most often the

case). Unlike in the US, where the SEC proposed rigorous and detailed new disclosure rules three months ago, the issue will be left to fester for many another day.

And faster it certainly will. In many companies, directors are losing their bonuses, and the average rise in their pay packages has at last moderated - though often not as sharply as for other managers. A few companies are still producing headline-grabbing rises in top pay packages which, as at recession-busting WPA Smith this week, are harder to judge - and condemn - than they at first appear.

But in far too many other companies, the value of top packages is still climbing out of all proportion to the company's performance - or not falling sharply enough with it. The British Institute of Management has rightly complained about this sort of thing: leaving aside the resentment it causes among less favoured managers and other employees, the most obvious short-term outcome will be increasing annoyance among shareholders.

As with some of the other issues which the Cadbury Committee has chosen to duck for tactical reasons, the probable medium-term result will be a growing political impetus in favour of US-style regulation.



The only way out will be for the committee or its successor body, plus the many financial institutions which say they support Cadbury, to

use the next two years to shame boards into doing what is in their companies' best interest: behaving more sensibly.

German workers go back to school to get ahead

Leslie Colitt reports that highly-trained employees are the key to the country's success

German manufacturers never cease to complain that their labour costs are the world's highest, especially when non-wage benefits are included.

But press them a bit harder and they will admit that their highly-trained German workers are a key to the country's manufacturing success.

The cost of employing skilled workers is causing German industry to shift lower-value production abroad.

Klaus Krone, chairman of Krone in Berlin, a medium-size producer of telecommunications components, says German manufacturers are switching to higher technology products.

This has been the experience of his own company, even though

labour represents less than 5 per cent of total costs.

Germany is famous for its training system. This provides for three-year apprenticeships during which most trainees from the age of 16 work on three days a week and attend vocational school for the other two.

Management at Krone, which has 4,100 employees in 17 countries, says this training gives the company's German labour force a significant advantage in both theoretical and practical knowledge over its workers in Britain and Australia, which favour on-the-job training.

Thomas Mückelet, a spokesman for Krone, says: "A worker in the UK has a more narrow training than here and lacks the theoretical background which would make him

more flexible." Krone workers in Berlin said they found it difficult to imagine how foreign workers could cope without having been apprenticed or having attended a vocational school.

Jürgen Rinner, a 38-year-old, did his three-year apprenticeship at Krone when the company was desperate for skilled workers in isolated west Berlin. At that time he earned only DM145 (87p) a month compared with the DM800 which a 16-year-old apprentice starts off with today.

He attended vocational school once a week, doing practical work and studying technical drawing, maths and materials science. Today, young German apprentices go to vocational school twice a week - to the dismay of many small companies which rely heavily on them - and the range of subjects is far greater and more specialised. One language is required, usually English, and a social science subject. "You can't know enough today," says Rinner. In fact, a growing number of the 100 young people who are apprenticed at Krone each year have Abitur school-leaving certificates, qualifying them for university studies but instead choose to learn a trade through fear of unemployment.

Rinner is one of a handful of maintenance and control workers in an automated hall producing

quick connection components for copper and optical fibre networks. He doubts that on-the-job-training could give a worker the skills he gained during his apprenticeship and vocational school.

"The foundation would be missing," he says. A colleague, Karsten Vogel, is one of Krone's nearly 200 east German employees, hired since the Berlin Wall came down in 1989.

They proved to be as well-qualified as their west German counterparts, according to the company. Vogel, a 38-year-old electronics worker did his apprenticeship at an east Berlin television plant equipped with modern Japanese equipment.

At the same time, he studied to gain the coveted Abitur. "You

learned more than you need but you never know where you will end up," he says.

Vogel attended a number of training courses offered by Krone and was soon able to cope with its different control system for the automated equipment.

At first, western workmates kept their distance but finally accepted him when he proved his competence.

Vogel would like to become a technician but says the two years of evening classes he would need to attend are not possible while he continues to work in a three-shifts-a-day pattern.

A vital link between the management and workers on the German shopfloor is the *master*, the foreman. Jürgen Schumacher, aged 54, and a *master* at Krone for seven of his 11 years with the company, says: "The only problems we have are with older employees as their capacity to absorb new information is limited."

BUSINESSES FOR SALE

Peer PLC Tansad Office Furniture Ltd (in Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above companies. The business is engaged in the manufacture, wholesale and retail of commercial furniture, primarily to the corporate market.

- Turnover £1.6 million per annum
- Broad customer base including several blue chips
- Established systems furniture ranges under known brand names
- Substantial properties in Bristol and Oxford

For further details please contact CM Clapp FCA, Joint Administrative Receiver at Ernst & Young, One Brickwell Street, Bristol BS1 2AA. Telephone: 0272 290808. Fax: 0272 260162.

ERNST & YOUNG

Incorporated by the Institute of Chartered Accountants in England and Wales to carry on investment business.

RETAIL AND COMMERCIAL TRAVEL BUSINESS FOR SALE WITH LAT/AST/ATOL
Approx. 70 £2,000,000 pa
Sound well established and profitable company with very valuable franchise in prime high street position (West London) plus online planning system for additional 3500 sq ft and additional parking.
£70,000.
(Genuine insured enquiries only)
See No. A1955, Financial Times, One Southwark Bridge, London SE1 9HL for details.

NON FERROUS TUBE MANUFACTURING COMPANY FOR SALE
Net assets including Freehold Property £400,000. Turnover exceeds £2M p.a. Price negotiable in region of £400,000. Box No. A4501, Financial Times, One Southwark Bridge, London SE1 9HL for details.

INVITATION TO TENDER FOR THE HIGHEST BID for the Purchase of the Groups of Assets of "KARLOS FX Brewery, Ice and Meat Makers SA", of Athens, Greece.

"STINDO KEPHALOU S.A. Administration of assets and Liabilities" of 1, Skoufion street, Athens, Greece, in its capacity as Liquidator of "KARLOS FX Brewery, Ice and Meat Makers SA" a company which has been declared bankrupt by the Athens Court of 1st Instance (1982/1983), in its capacity as Liquidator of the said company, which is presently under the supervision of special liquidators according to the provisions of article 46a of Law 1892/1990.

Invites tenders for the highest bid by submission of sealed bids for the separate purchase by public auction (the "Auctions") of one or more of the groups of assets of the Company, described below.

GROUPS OF ASSETS OFFERED FOR SALE (brief description)
1. Factory for Refrigeration and Ice making (1st Auction): such factory is the only production unit of the Company still in operation. It is profitable and the number of personnel amounts to 22. The facilities are located in Piraeus, on a land of 4,075 m² and include 3 buildings. Group of remaining assets (2nd Auction): The rest of the Company's assets, are offered for sale as a single whole and include the Company's trade marks, as well as real property comprising the following: (a) one building (ex factory for brewery) on a land of 6,500 m² in Athens, on 53 Syngrou Street (near the building has been declared under administration of the Athens Municipality); (b) one building (ex factory for meat and refrigeration) on a land of 10,600 m² in Athens, at 307-309 Patission Street (near a 2,576 m² portion of the land has been declared by the Athens Municipality as being of considerable value); (c) one land in Athens (776 m²), in Pnyx (684 m²), in Pnyx (294,130 m²), in Pnyx (2,690 m²) and in Heraklion, Crete (946 m²).

OFFERING MEMORANDUMS - FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum for each of the above mentioned groups of assets and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

- The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the respective Offering Memorandums. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Bidding offers for the participation in each of the Auctions interested parties are hereby invited to submit binding offers, not later than the 10th October 1992, 13.00 hours to the Athens Notary Public Anna Tzika, address: 10-12, Bpoyktonos St., Athens, tel: +30-1-361.92.83 or 364.31.38. Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee. Binding offers must be accompanied by letters of guarantee, issued in accordance with the draft form of letter of guarantee contained in the respective Offering Memorandums, by a bank legally operating in Greece to be valid until the adjudication. The amounts of the letters of guarantee must be as follows: (a) for the Factory for Refrigeration and Ice making (1st Auction), 50% of the purchase price (500,000,000); and (b) for the Group of remaining assets (2nd Auction): five hundred million (500,000,000). Letters of guarantee shall be returned after the adjudication, in the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 herein, the letters of guarantee shall be forfeited as a penalty.
- Subsequent Bidding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorized agent. Envelopes containing the bidding offers shall be submitted by the above mentioned Notary Public in his office, on the 10th October 1992, at 11.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the successful bidding offer.
- As highest bidder shall be considered the participant whose offer will be judged, by 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company.
- The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The liquidator and the Creditors shall have no liability or obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel any of the Auctions or any decision whatsoever in connection with the proceedings and the making of the Auctions. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in any of the Auctions against the liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

For obtaining the Offering Memorandums and for any further information please apply to the Liquidator's agent: Mr. Nicholas Kephaleou, address: 56, Pnyx Street, Athens 105 63, tel: +30-1-321.90.00, or 321.89.80 or 323.14.84, fax: +30-1-321.79.05.

INVITATION TO TENDER FOR THE HIGHEST BID for the Purchase of the Groups of Assets of "GREEK OLIVE OIL SA", of Athens, Greece.

"STINDO KEPHALOU S.A. Administration of assets and Liabilities" of 1, Skoufion street, Athens, Greece, in its capacity as Liquidator of "GREEK OLIVE OIL SA" a company which has been declared bankrupt by the Athens Court of 1st Instance (1982/1983), in its capacity as Liquidator of the said company, which is presently under the supervision of special liquidators according to the provisions of article 46a of Law 1892/1990.

Invites tenders for the highest bid by submission of sealed bids for the separate purchase by public auction (the "Auctions") of one or more of the groups of assets of the Company, described below.

GROUPS OF ASSETS OFFERED FOR SALE (brief description)
1. Plant in Aigios (1st Auction): on a 50,000 m² plot, consisting of: four olive oil facilities, soap manufacturing, distillation of fatty acids, kerosene oil processing and refinery unit (40,000 m²), steam production and hydrogen production facilities.
2. Kerosene oil plant in Zakynthos (2nd Auction): on a 5,833 m² plot (5,154 m² inside and 779 m² outside the town plot) and a 3,600 m² plot near the plant (note: legal proceedings are pending in respect of a 491 m² portion of the plot).
3. Kerosene oil plant in Kerkiras, Kerkiras, Crete (3rd Auction): on a 34,140 m² plot (note: the plot is encumbered by a right of way. Also, part of the land is located within the seashore).
4. Kerosene oil plant in Mytilini (4th Auction): on a 3,195 m² plot.
5. Kerosene oil plant in Gythion (5th Auction): on a 2,380 m² plot.
6. Remaining property of the Company (6th Auction): The Company's remaining property offered for sale as a single whole consists of the Company's industrial property (note: name, logo, trade mark "ERIMIS", claims, furniture, 11 telephone lines) and of real property which includes the following plots: (a) 491 m² in Aigios (1st Auction), in the town of Zakynthos; (b) 4,799 m² in Zakynthos, near the Company's plant (note: this encumbered by a right of way 4 metres in width; also, legal proceedings are pending in respect of a 491 m² portion thereof); (c) 1,326 m² in Mytilini, at Pnyx (Limas); (d) 12,627 m² in Mytilini, near the Company's plant (note: the plot is encumbered by a third party); (e) 9,916 m² in Kerkiras, Kerkiras, Crete, near the Company's plant (note: legal proceedings are pending in respect of a claim for a right of way); and (f) a 26,309 m² share of a plot in Aigios, Kato Aigios Municipality, Aigios.

OFFERING MEMORANDUMS - FURTHER INFORMATION: Interested parties may obtain an Offering Memorandum for each of the above mentioned groups of assets and any further information, upon execution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

- The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the respective Offering Memorandums. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Bidding offers for the participation in each of the Auctions interested parties are hereby invited to submit binding offers, not later than the 23rd October 1992, 13.00 hours to the Athens Notary Public Anna Tzika, address: 10-12, Bpoyktonos St., Athens, tel: +30-1-361.92.83 or 364.31.38. Binding offers submitted later than the prescribed time limit, as referred to hereinabove, shall neither be accepted nor considered. The offers shall be binding until the adjudication.
- Letters of Guarantee. Binding offers must be accompanied by letters of guarantee, issued in accordance with the draft form of letter of guarantee contained in the respective Offering Memorandums, by a bank legally operating in Greece to be valid until the adjudication. The amounts of the letters of guarantee must be as follows: (a) for the Plant in Aigios (1st Auction), thirty million (30,000,000); (b) for the Kerosene oil plant in Zakynthos (2nd Auction), thirty million (30,000,000); (c) for the Kerosene oil plant in Kerkiras (3rd Auction), thirty million (30,000,000); (d) for the Kerosene oil plant in Mytilini (4th Auction), ten million (10,000,000); (e) for the Kerosene oil plant in Gythion (5th Auction), five million (5,000,000); and (f) for the Remaining property of the Company (6th Auction), five million (5,000,000). Letters of guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1 herein, the letters of guarantee shall be forfeited as a penalty.
- Subsequent Bidding offers together with the letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorized agent. Envelopes containing the bidding offers shall be submitted by the above mentioned Notary Public in his office, on the 23rd October 1992, at 11.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the successful bidding offer.
- As highest bidder shall be considered the participant whose offer will be judged, by 51% of the Company's creditors (the "Creditors"), in their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company.
- The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of sale.
- All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The liquidator and the Creditors shall have no liability or obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel any of the Auctions or any decision whatsoever in connection with the proceedings and the making of the Auctions. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in any of the Auctions against the liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

For obtaining the Offering Memorandums and for any further information please apply to the Liquidator's agent: Mr. Nicholas Kephaleou S.A. Administration of assets and Liabilities, address: 1, Skoufion Street, 105 61 Athens, Greece, tel: +30-1-321.90.00, fax: +30-1-321.79.05 (note: Mr. Peter P. Dreyeropoulos or the Liquidator's agent: Mr. Spyridon Rodis, address: 25, Pnyx Street, Athens 105 61, tel: +30-1-324.05.72 or 321.89.80).

By Order of G PLAN, due to the re-organization of their Cabinet Manufacturing Facility
MAJOR SALE BY AUCTION
In Lots at the Works
G PLAN LIMITED, 100 GARDENS, HIGH WYCHIE, BUCKS
ON THURSDAY 7TH OCTOBER, 1992 AT ELEVEN AM
A RANGE OF EXCELLENT QUALITY WOODWORKING MACHINERY, LACQUER COATING & VENEER PLANT, SAW DOCTORS, MACHINE TOOLS, COMMERCIAL VEHICLES, GENERAL FACTORY EQUIPMENT, OFFICES & PLANT FURNITURE
ON View WEDNESDAY 7TH OCTOBER, 1992 AND THROUGHOUT SALE DAY
FOR SALE BY PRIVATE TREATY:
PFA Combined "PCH/POH/PHS" 2nd Automatic Double Sided Edge Banding & Preparation Line (1982) - For appointment to view this Machine, contact Mrs Alder on 071-405 8411 Ext. 210.
CATALOGUES ON REQUEST FROM:
ROBERT HENRY BUTCHER
250, NEW HOUSE, 250 HIGH STREET, LONDON, EC1A 3BB
TEL: 071-405 8071 FAX: 071-405 8272 TELE: 071-405 8071
250-251, NEW HOUSE, 250 HIGH STREET, LONDON, EC1A 3BB
TEL: 071-405 8071 FAX: 071-405 8272 TELE: 071-405 8071

RIVERBOAT GAMBLING OPPORTUNITY
Established licensed gaming organisation wants to sell its option to purchase a premier, fully-equipped, gambling riverboat situated on the upper Mississippi River. The boat has 700 slot machines, 35 table games and is rated for 2,000 passengers. Very profitable with financials available. \$19 million US. Interested parties must respond within 30 days by contacting Bruce Wentworth in USA at 319-582-3647 (voice) or 319-588-1443 (fax) or writing to DRA, PO Box 3190, Dubuque, IA 52004-3190, USA.

STOCKBROKER
PRIVATE CLIENT ITEM FOR SALE OR MURDER.
APPLY BOX A4403, FINANCIAL TIMES, ONE SOUTHWARK BRIDGE, LONDON SE1 9HL.

CAR MANUFACTURER
General Cars Limited
The Joint Administrative Receivers, D J Stokes and M J Moore, offer for sale the business and assets of this well established sports and racing car manufacturer, based in Southampton, South Hants.
Principal features of the business include:
• established British sports car marque for more than 30 years developed and well respected product range
• major exports to Europe and Japan
• modern 28,000 sq ft production facility, with excellent connections to M10
• skilled and flexible workforce.
For particulars of the assets offered for sale please contact David Stokes at Cork Gully, 1 East Parade, Sheffield S1 2ET. Telephone: (0742) 730401; Fax: (0742) 598202.

Naples Florida USA
Precious jewellery/antiques/contemporary art gallery for sale.
US\$ 2,500,000.00.
Inventory, fixtures & tools.
Contact: Tel: 407 832 4221.
David Imperato
Tel: 407 832 4221 Fax: 407 832 4313

BATH, BARTLEY STREET Antique Centre.
Residential Retail Investment For sale with development potential. Current gross income £28,000. Contact: Mrs Thomas Chatterton, 0222 272737.
BUSINESS AND ASSETS OF solvent and successful company: for sale. Business and Assets. Tel: 021 282 1104 (Mon-Fri)

Business For Sale
advertising continues today on page 23

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
In re
MAXWELL COMMUNICATION
CORPORATION, et al
Debtors

Chapter 11
Case No. 91-B-15741 (TLB)
Jointly Administrated.

NOTICE OF OCTOBER 30, 1992 DEADLINE AS
THE LAST DATE TO FILE PRIORITY CLAIMS AND
ADMINISTRATIVE CLAIMS BASED ON UNDEPTED
LEASES AGAINST MAXWELL COMMUNICATION
CORPORATION P.L.C.

TO: ALL PERSONS AND ENTITIES WITH PRIORITY
CLAIMS AND ADMINISTRATIVE CLAIMS BASED ON UNDEPTED
LEASES AGAINST MAXWELL COMMUNICATION
CORPORATION P.L.C.

PLEASE TAKE NOTICE that on December 16, 1991 (the "Petition Date"), Maxwell Communication Corporation, et al, debtor and defendant in possession ("MCC" or the "Debtor"), filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On December 17, 1991, MCC filed a petition with the High Court of Justice, Chancery Division, Companies Court in London, England, seeking an order of administration pursuant to the Insolvency Act 1986 of Great Britain. On December 20, 1991, that petition was granted and Andrew Mann, James Mann, John Graham and Jonathan Guy Anthony Phillips were appointed as joint administrators (the "Joint Administrators") for the Debtor. MCC continues in the possession of its property and the management of its business as a debtor in possession under the governance of the Joint Administrators.

PLEASE TAKE FURTHER NOTICE that the Bankruptcy Court has entered an order dated September 15, 1992 requiring all persons and entities including, without limitation, individuals, partnerships, corporations, estates, trusts, and governmental units, except those persons and entities described in paragraphs A through D below, that assert a claim against MCC based on a pre-Petition Date priority claim under 11 U.S.C. § 507(a)(3), (4), (6), (7), (8) (pre-Petition Date Priority Claim) or a post-Petition Date administrative claim based on a non-excluded lease of non-excluded real property under 11 U.S.C. § 559(a)(2) (post-Petition Date Lease Claim), to file a written proof of claim by mailing or delivering the proof of claim to:

Clerk of the U.S. Bankruptcy Court
United States Bankruptcy Court
The Alexander Hamilton United States Courthouse
One Bowling Green
Room 614
New York, New York 10004,
USA.

SO THAT IT IS ACTUALLY RECEIVED ON OR BEFORE 4:00 PM NEW YORK CITY TIME ON OCTOBER 30, 1992 (the "Priority Claims Due Date"). Such proofs of claim will be deemed filed only when they are actually received. As such, proofs of claim must be filed by the Priority Claims Due Date, the last date for filing. (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right is an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

PLEASE TAKE FURTHER NOTICE that if you are required to file a proof of claim and have failed to do so in the manner and by the date prescribed, you will be forever barred from asserting claims against MCC. A HOLDER OF A CLAIM SO BARRED WILL NEVERTHELESS REMAIN FREE TO ASSERT ITS CLAIM AGAINST MCC IN ANY OTHER COURT OF COMPETENT JURISDICTION. YOU WILL BE DEALT WITH UNDER A SCHEME OF ARRANGEMENT UNDER SECTION 425 OF THE COMPANIES ACT 1985 OF GREAT BRITAIN OR OTHERWISE, OR FILE A GENERAL UNDEPTED CLAIM IN CONNECTION WITH THIS CHAPTER 11 CASE OR ASSET RIGHTS UNDER OTHER APPLICABLE LAW SUBJECT TO THE "AUTOMATIC STAY" PROVIDED BY SECTION 362 OF THE BANKRUPTCY CODE AND ORDER OF THIS COURT. A CREDITOR FILING A PROOF OF CLAIM IN ACCORDANCE WITH THE ORDER SETTING THE PRIORITY CLAIMS DUE DATE WILL BE SUBMITTED TO THE JOINT ADMINISTRATORS FOR THE DEBTOR WITH RESPECT TO THE CLAIM (INCLUDING, IN CONNECTION WITH A POST-PETITION DATE LEASE CLAIM, ANY OTHER CLAIM ARISING UNDER THE RELEVANT LEASE).

PLEASE TAKE FURTHER NOTICE that the Debtor reserves its rights to object to any pre-Petition Date Priority Claim or post-Petition Date Lease Claim filed in accordance with the Priority Claims Due Date, including its right to object to the grounds that such claim or claims should not be afforded priority status.

PLEASE TAKE FURTHER NOTICE that:

- Any person or entity that has already properly filed a proof of claim with the Clerk of the United States Bankruptcy Court for the Southern District of New York need not file a duplicate proof of claim.
- Any person or entity whose claim was previously allowed by order of the Court need not file a proof of claim.
- Any person or entity whose claim does not arise under either: (1) 11 U.S.C. § 507(a)(3), (4), (6), (7), (8) or a pre-Petition Date Lease Claim or (2) 11 U.S.C. § 559(a)(2) as a post-Petition Date Lease Claim need not file a proof of claim; or
- Any person or entity whose claim has been scheduled by the Debtor as neither contingent, disputed nor liquidated, undisputed need not file a proof of claim.

PLEASE TAKE FURTHER NOTICE that proofs of claim shall state the amount of the claim in U.S. dollars and shall conform substantially to Official Bankruptcy Form No. 10, Copies of Official Bankruptcy Form No. 10 may be obtained from U.S. courts or the Joint Administrators, 100 Broadway, 10th Floor, New York, New York 10005, New York, New York 10005, USA, telephone number 212-512-5000. Attention: Jeffrey G. Calabrese or real U.S. Courts to the Joint Administrators, 100 Broadway, 10th Floor, New York, New York 10005, New York, New York 10005, USA, telephone number 212-512-5000, Attention: Paul Lee.

PLEASE TAKE FURTHER NOTICE that this notice may be sent to persons or entities who may not have non-Petition Date Priority Claims or post-Petition Date Lease Claims or who are not required to file a proof of claim. The fact that you received this notice does not necessarily mean that MCC believes that you have one of these claims.

Dated: New York, New York
September 15, 1992.

MAXWELL COMMUNICATION CORPORATION P.L.C.
Debtor and Debtor in Possession
By the Joint Administrators

MILBURN, THREED, HADLEY & MCGILLY
1 Chase Manhattan Plaza
New York, New York 10005
(212) 512-5000 John G. Calabrese Esq.

Attorneys for the Joint Administrators. BY ORDER OF THE COURT
/s/ TINA L. BRIDGMAN
United States Bankruptcy Judge

IN THE MATTER OF THE
REHABILITATION OF MUTUAL
BENEFIT LIFE INSURANCE
COMPANY, A Mutual Insurance
Company of New Jersey

ORDER TO SHOW CAUSE WHY AN
ORDER SHOULD NOT BE ENTERED
AUTHORIZING AND APPROVING THE
TRANSFER OF MUTUAL BENEFIT
OVERSEAS, INC. TO A RECEIVING
AGENT AND OTHER RELIEF

THIS MATTER having come before the Court upon the application of Samuel F. Fortunato, New Jersey Commissioner of Insurance and Rehabilitator of Mutual Benefit Life Insurance Company ("Rehabilitator"), through his attorneys Robert J. Del Tado, Attorney General of New Jersey, (by Edward J. Dauber, Executive Assistant Attorney General) and Special Counsel to the Rehabilitator, Cole, Schotz, Bernstein, Meisel & Forman, P.A. and Cadwalader, Wickersham & Taft for entry of an Order to Show Cause Why An Order Should Not Be Entered Authorizing and Approving The Transfer of Mutual Benefit Overseas, Inc. to a Receiving Agent and Other Related Relief, and the Rehabilitator having filed with this application an Agreement dated August 21, 1992 with Marine Midland Bank N.A., as Trustee and certain bondholders indicated on Exhibit A to the Agreement; and the Rehabilitator having requested a hearing date for approval of the transfer and related relief; and, the Court having read and considered the annexed Affidavit of Peter A. Martosello, Jr., and all exhibits thereto; and it appearing that it is in the best interest of MBL's estate to schedule a hearing date on the application; and the application having been properly filed without notice pursuant to R. 4:67-2(a) because no temporary relief is sought, and the Court finding that entry of the Order to Show Cause is warranted, and for good cause shown.

It is on this 21st day of September, 1992.

ORDERED AS FOLLOWS:

- (1) All parties on the annexed Schedule A, and any other parties in interest wherever located, shall show cause before the Honorable Paul G. Levy, P.J. Ch., Superior Court of New Jersey, Chancery Division, Mercer County, 210 South Broad Street, 5th Floor, Trenton, New Jersey 08625 on October 21, 1992 at 9:00 a.m. in the forenoon or as soon thereafter as counsel may be heard why an Order should not be entered:
- (a) approving the transfer of Mutual Benefit Overseas, Inc. to (B) Schroeder Bank and Trust as Receiving Agent;
- (b) approving the execution, delivery and performance of an agreement (the "Agreement") between MBL, Mutual Benefit Overseas, Inc. ("Overseas"), the Trustee and the Bondholders;
- (c) approving the other transactions set forth in the Agreement; and
- (d) authorizing such other and further relief as the Court may deem necessary and proper.

(2) Any person or entity seeking to respond to this Order to Show Cause by filing answering certifications or affidavits and briefs with this Court shall do so no later than October 13, 1992. Such answering papers shall be filed directly with the Honorable Paul G. Levy, P.J. Ch., Superior Court - Mercer County, 210 South Broad Street, 5th Floor, CN 977, Trenton, New Jersey 08625, accompanied by a filing fee to the Clerk of the Superior Court in the amount of \$80. Any person may file a verified application to the Court pursuant to R.1:13-2 to seek a waiver of the Court filing fee by reason of poverty. Responding papers on behalf of any corporation should be filed by a New Jersey attorney, but motions for appearances pro hac vice may be submitted under R.1:21-3.

(3) All answering papers filed pursuant to paragraph (2) above shall be simultaneously served upon counsel for the Rehabilitator by delivering one set of papers to Patricia Kern, Deputy Attorney General, Richard J. Hughes Justice Complex, CN 117, Trenton, New Jersey 08625 and one set of papers to Michael S. Meisel, Esq., Cole, Schotz, Bernstein, Meisel and Forman, P.A., Court Plaza North, 25 Main Street, P.O. Box 800, Hackensack, New Jersey 07602-0800 and one set of papers to Gregory M. Peacock, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038. Any persons seeking access to responses made to this Order should contact Frances Plesano, Legal Assistant, at (201) 489-3000, who will make the papers filed available for inspection at the Cole, Schotz offices.

(4) The Rehabilitator shall reply to the answering papers received by him no later than October 16, 1992, and shall serve that reply upon all counsel or persons who responded pursuant to paragraph (2).

(5) On or before September 25, 1992, the Rehabilitator shall serve a copy of this Order together with all supporting Affidavits exhibits, by first class mail to all parties listed on Schedule A, and shall publish a copy of the Order to Show Cause in Financial Times of London, the national edition of The Wall Street Journal and Luxembourg Wort, such publication to be arranged by Special Counsel to the Rehabilitator. Copies of the Agreement, and related agreements, and all Affidavits and supporting papers as filed with the Court, shall also be available for inspection at Cole, Schotz's office at a reasonably convenient time upon request.

(6) Any person failing to raise timely objections to this Order to Show Cause shall be forever barred from raising such objections and that in the absence of such objections, the Court may grant the relief requested without further notice or hearing.

Paul G. Levy, P.J. Ch.

Capital Radio picks Thames's Mansfield



Capital Radio, which runs Britain's two biggest independent radio stations, wants to put a stop to being regarded as the poor relation when it comes to national advertising. It has hired its new commercial director, 38-year-old David Mansfield (right), from the television marketing world. Mansfield, currently deputy director of sales and marketing at Thames TV, joins Capital on January 1 and will be responsible for boosting the revenues of a group whose two London radio stations have an estimated 6m people a month. Having started his career selling Terry's chocolates, Mansfield will be one of three executive directors reporting to

Richard Eyre who took over as chief executive at the start of the year following Nigel Walsley's move to run Carlton Communications TV business. The radio industry's share of total advertising revenue of about 2.5 per cent is "far below its potential", says Eyre. He blames the poor showing on the fact that commercial TV came to Britain long before commercial radio and as a result has hogged an unusually large share of the national advertising budget. Eyre, who comes from the advertising world, believes that television's share of national, as opposed to local, advertising - currently

around a third of the total - has peaked and the share of commercial radio is poised to grow. "Mansfield shares my vision," says Eyre, who argues that with increasing competition at local level, radio stations like Capital must increase their share of the national advertising market. Mansfield's arrival will overlay with next year's retirement of Philip Pinnegar, the deputy managing director who has been with Capital since its launch in 1973. However, the company says that the management of the sales department under sales director David Lees would not be affected by the new appointment.

■ Liam Strong, the recently-appointed chief executive of the struggling Sears retail empire, has moved to shake up the company's sports and leisurewear businesses, including Olympus and Millets, which have performed "disappointingly".

Alan Vickers, the division's managing director, will leave the company to "pursue other interests". He will be replaced by John Fallon, previously finance director of British Shoe Corporation.

The division will also be strengthened by the appointment of Kevin Gunter, currently operations director of the Budgets grocery chain, as retail operations director.

Fallon will be succeeded as finance director of BSC by the financial controller, Peter Ellis.

■ Richard Macey, formerly md UK for Christian Dior Parfums, has been appointed sales director of WARNER'S UK, a subsidiary of Warnaco Inc.

■ Brian Kemmerley, md of WHIRLPOOL UK, has been appointed md of a new regional sales area for the UK, Ireland, Norway and Finland.

■ Kenneth Brown, recently appointed md of J. BIBBY & SONS' materials handling division on the retirement of Clive Innocent, has been appointed to the main board.

■ Christopher Chaloner, executive manager, business planning, of Amerasia Hess, has been appointed to the board of PICT PETROLEUM. He replaces Michael Laws, Amerasia Hess's previous nominee, who has retired but remains a non-executive

director of Pict. ■ David Jewell has been promoted to md of Cowie Fleet, part of T. COWIE. Guy Trehearne, formerly md of T. Cowie Property Developments, is being retained as a consultant to oversee current development projects, but is returning as a property consultant to an earlier employer, Edward Rushton Son & Kevyon.

■ David Hall, sales and marketing director, and Peter Casben, finance director, have been appointed joint group mds of CHARLES LETTIS (HOLDINGS).

■ James Dawson has been appointed sales and marketing director of AG BARE.

■ Paul Clarke, finance director of FULLER SMITH & TURNER, has been appointed to the main board.

■ Body Shop International, the "green" personal care products group, has appointed Michael Boss to the main board as international director responsible for supporting the operations of the company's overseas franchisees.

Body Shop is continuing its rapid overseas expansion and further diminishing its reliance on the UK market, which has been hard hit by recession in recent months.

Ross, 38, previously ran the company's Soapworks factory in Glasgow which was intended as an exercise in improving community relations in a depressed region as well as manufacturing most of Body Shop's soap needs.

Before joining Body Shop, Ross gained international business experience in the oil and gas industry.

Troika beavering away at the Industrial Society

Bill Beaver, director of corporate affairs at National Westminster Bank until he left abruptly in March, has turned up in the new position of marketing director at the Industrial Society.

A registered charity training between 20,000 and 30,000 people a year, the Society has had a new lease of life since the arrival last year of Rhiannon Chapman as director. Beaver says she, finance director Andrew Cameron (formerly of RTZ) and he make up a "troika leading a quiet but determined revolution".

Keen on words like "empowerment", Beaver thinks the

organisation, which in the past few years had rather lost its way, can return to the excellence in training it enjoyed in its heyday under John Garnett who stepped down in 1988 after 24 years as director. "Lots of people go to work in fear; they ought not to. Lots of people are cynical about their work; they shouldn't be," according to Beaver, who spends part of his free time as a Church of England priest in Brixton. "The idea is, we don't charge as much as Harvard but we deliver the goods."

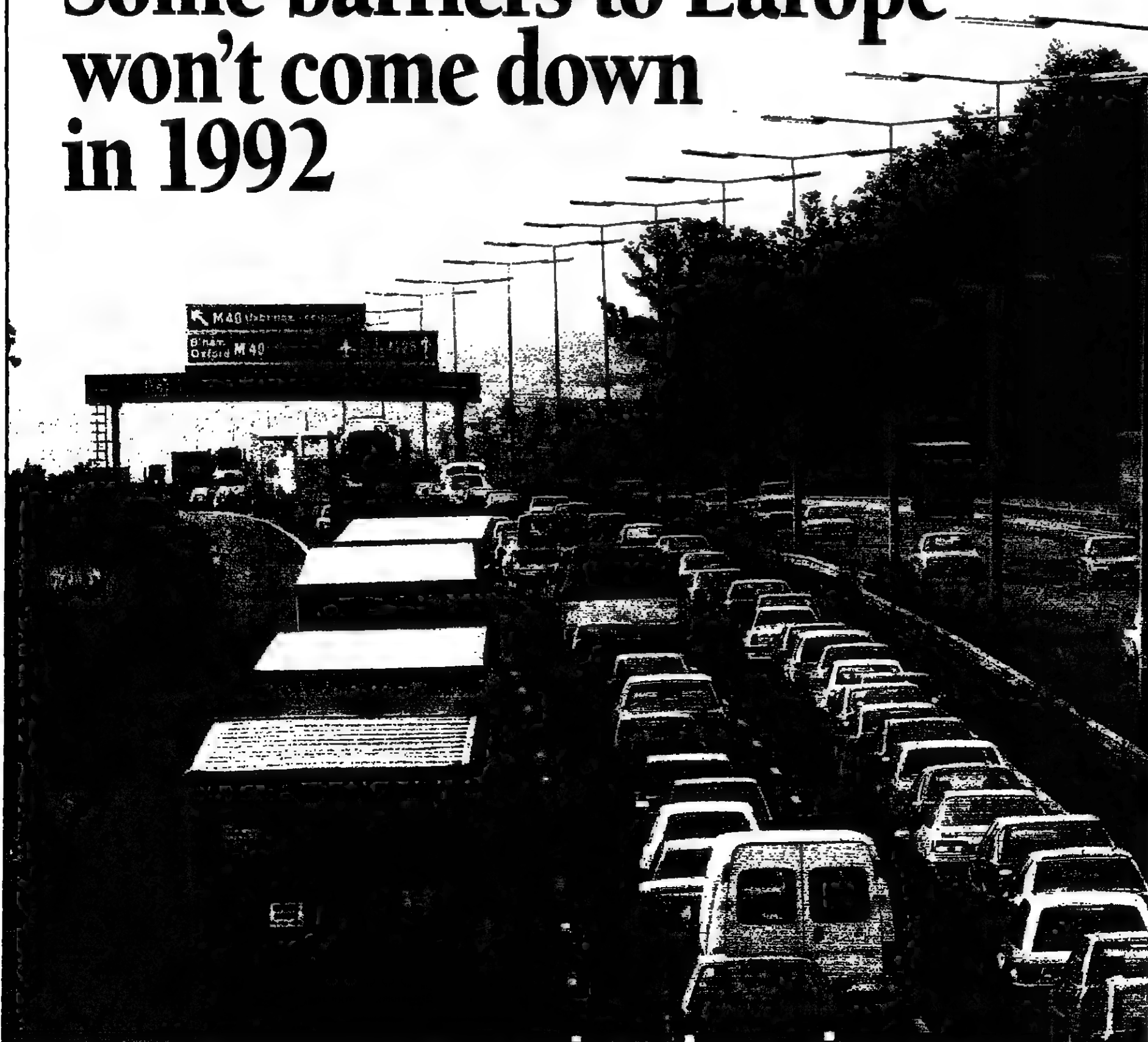
Courses range from teaching small business how to cope with EC regulation to such

"grown-up" subjects, as Beaver puts it, as helping women to deal with the "glass ceiling".

A 46-year-old American who says that while he sounds as if he is "just off the boat yesterday", is in fact British-trained. He studied Imperial history at Oxford, and later worked for JWT in the UK and then Barcard's (where he "took the Dr out of Dr Barcard's"). Next he moved to AGB Research; some two years after he joined it, it was acquired by Robert Maxwell's private group of companies, and he became the tycoon's chief of staff "for three whole weeks". He stayed at NatWest for 18 months.



Some barriers to Europe won't come down in 1992



To do business in Europe, you need to get there relaxed and ready for action.

If the thought of fighting your way around London and through its busy airports appals you, consider the more convenient option: Amsterdam Airport Schiphol.

From many parts of the UK, you'll find it easier and quicker to fly to your European destination via Schiphol's single terminal.

As well as excellent air connections to the rest of the world, Schiphol offers good road and rail connections to Europe.

With no terminal transfer problems, services renowned for their efficiency and the world's finest duty free area, Schiphol is an airport that is worth passing through. Right now, all our facilities are being expanded and improved to make sure they keep ahead of demand.

Before you waste your energy on the M25, check out the more convenient connection.

There are scheduled direct flights to Amsterdam from:

- | | |
|-------------------|------------------|
| ■ Aberdeen | ■ Heathrow |
| ■ Birmingham | ■ Humberside |
| ■ Bristol | ■ Leeds Bradford |
| ■ Cambridge | ■ Manchester |
| ■ Cardiff - Wales | ■ Newcastle |
| ■ East Midlands | ■ Norwich |
| ■ Edinburgh | ■ Southampton |
| ■ Gatwick | ■ Stansted |
| ■ Glasgow | ■ Teesside |

Amsterdam Airport Schiphol

ARTS

Craft/Susan Moore

Subversive stitching

Two contemporary craft exhibitions set out to explode widely held misconceptions. The cosy world of the embroidered tray cloth is rocked by any number of examples of subversive stitching in the Crafts Council's avant-garde embroidery show, *Out of the Frame*.

Alice Kettle's "Indian Summer - Man", for instance, soars over three metres high and features a life-size nude, richly textured with densely machine-stitched metal, silk cotton and rayon threads. His puffy face, partially padded, gradually emerges out of the gloom of the picture plane. *Stumpwork* was never quite like this.

Rozanne Hawkey, now in her 60s, offers a mock reliquary arm in "Libera me, Domine, de morte aeterna" - a sombre confection of black taffeta, jet, pearls and a gloved hand clasping a rosary and hand-mirror. The arm is shrouded in black silk and enshrined in a glass-topped black box. In contrast, Maddi Nicholson dazzles with fluorescent pinks and yellows. Materials frequently are unexpected. Janet Ledsham's "Canopy" incorporates maple and aspen leaves. Michael Brennan-Wood has a nice line in Ladybird books, pencils and paperback spines.

The show, which is of British work only, is witness to the various revolutions which transformed the textile arts in the 1960s. Since then, it has appeared that there is nothing that fabric and the stitching techniques traditionally associated with it, cannot be persuaded to do.

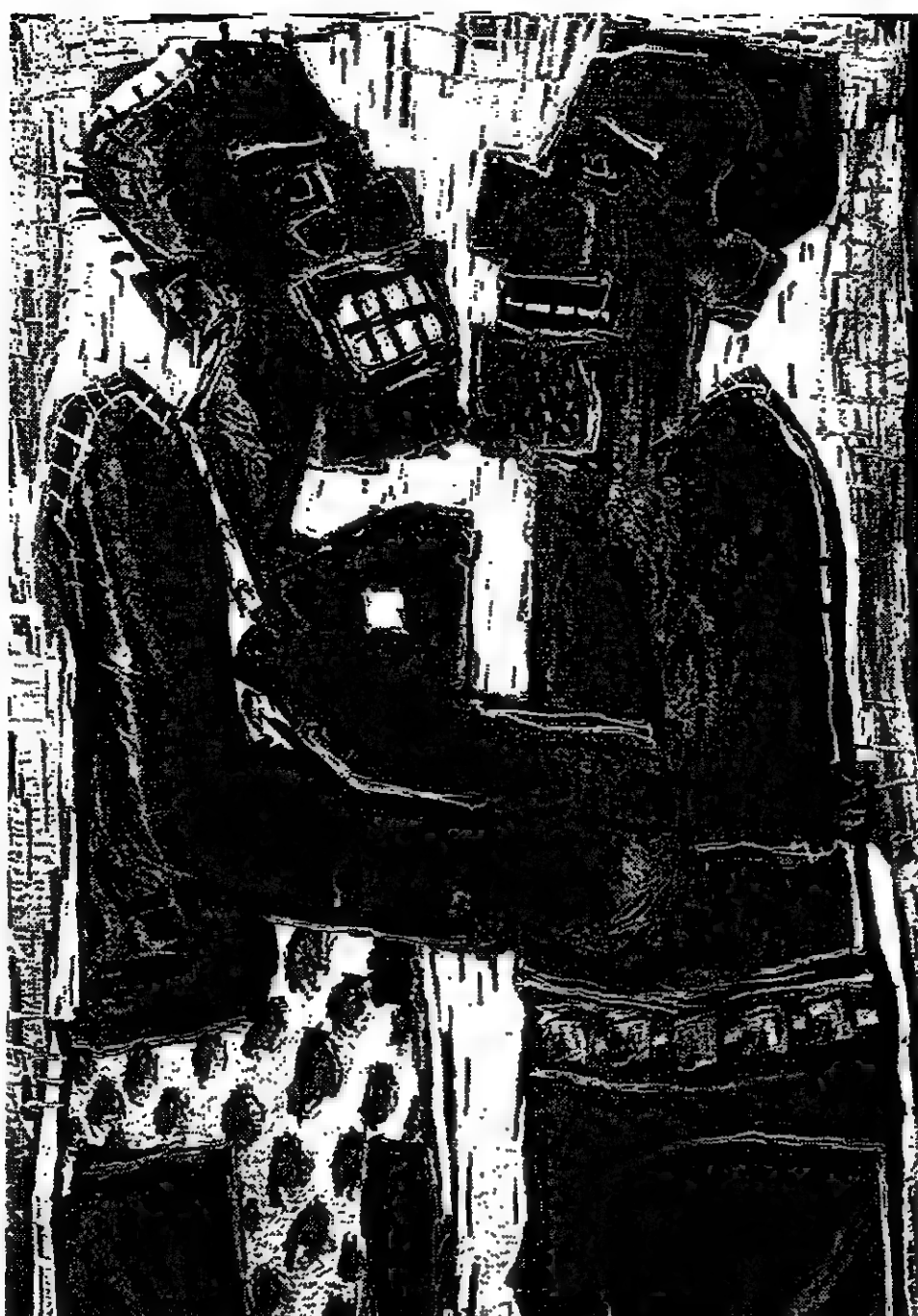
Surfaces are moulded, animated, distressed and encrusted using a wide variety of media and techniques appropriated from the art school. It comes as no surprise to discover that a number of makers have begun their training as painters, sculptors or ceramicists. We find textile vessels, and a menagerie of fantastical animals that have precious little in common with soft toys. Kate O'Keefe's heart-shaped "Valentine" cushion is nothing other than a frilly "construction", complete with absurd naked Action Man and a mass of rubber creepy crawlies. "Pure Jazz" Koonas kitsch on a domestic scale.

The relationship between fine art and embroidery often proves too close for comfort. Painting by needle is rife. No doubt the organisers should be commended for having no modernist axe to grind and showing an honest, representative survey of contemporary embroidery. As consequence, we find Monet-style poppies, Mollie's daisies, even shades of Glyn Boyd Harris. Moreover, Eiran Short's technically brilliant evocation of a Helen Allingham cottage garden succeeds in confirming all the old prejudices about handicraft. The icing on this particular tea cake is a frame created out of brown-beige 1970s curtain material, aluminium and silver braid, and lavished with rows of pale pink sequins.

Far more impressive is Polly Bins' minimalist triptych of geometrically ordered cuts into white cotton - despite a certain debt to Lucio Fontana. Only rarely do painterly treatments succeed. Audrey Walker's long, random stitches are used to great atmospheric effect in "These Golden Days", its texture akin to that of pastel.

Textures and subtle surface patterns are the delights of this show. Hannah Frew Patterson shows great sensitivity in exploiting the intrinsic qualities and beauty of specific materials. Her abstract "Stroma Slab" manipulates hand-made silk felt and hand-dyed silk fabrics, some treated with gelatine, others gathered, shredded and layered. Hazel Bruce chooses to burn, layer and cut hot water silk and cotton, and then to paint, print and stitch.

Setting this contemporary work in context is a selection of often spectacular historic textiles on loan from the Embroiderers' Guild, plus a group of Glasgow School and later 20th century pieces (all confusingly jumbled together as only the Crafts Council Gallery knows how). They offer valuable lessons in pattern-making that a number of contemporary makers would do well to study. They also serve to remind us how traditional techniques such as quilting, embroidery, white work and patchwork - and utilitarian domestic artefacts - continue to be creatively, and often joyously, reinterpreted.



'Sammy Samula in the Skull': a work in taffeta, satin, lining fabric, towelling, applique and machine embroidery and shisha mirrors by Maddi Nicholson

Bound to Please! at the Royal Festival Hall (until October 4) offers a glimpse at the ever-expanding boundaries of book board and slip case. There is not a piece of red morocco in sight. Among those represented is Cathy Robert, something of the Damien Hirst of bookbinding after her aquatint-cover for *The French Encyclopedia of Freshwater Tropical Aquarium Fish*. Here, the letters forming the august name of Apollinaire cascade down the front of her binding of selected poems - and down the patinated bronze of its sculptural stand. Are such

bulky accessories really desired by bibliophiles?

For more covetable are the books that appear not only user-friendly but alluringly tactile. Romilly Saumarez Smith employs soft pink goatskin, overlaid with white call for Plato's *Symposium*. Jen Lind says chooses limp, mottled vellum for Gerard Manley Hopkins. For a cover of a book of 7th century Arabic poetry, John Pearson suggests great age and fortunate survival by dyeing linen in tea, and throwing in a handful of small marks during the drying process to produce smoky marks. The

linen is dyed, dried, waxed, flattened and folded, and finally fastened by calfskin ties.

It is tempting to suppose that even that curmudgeonly Old Devil Philip Larkin may have approved of Jenni Grey's ingenious perspex, wood and brass container for "Required Writing". From certain angles it appears to be empty.

Out of the Frame continues at the Crafts Council Gallery, 44a Pentonville Road, Islington N1, until November 1, and tours to Wakefield, Coventry and Aberystwyth in 1993.

BBC documentary wins Prix Italia

The BBC has added once again to a unique record of success at the Prix Italia, oldest and most respected of all the world's broadcasting festivals, by winning this year's prize for television documentaries with *War, Lives and Videotape*. The programme, made by Nick Danziger, was one of the "Video Diaries" series in which non-professionals have been lent video cameras, given rudimentary training, and encouraged to produce personal documents. Danziger's tells of his efforts to provide a home in Kabul for orphans growing up in the mental hospital.

The prize of £15m (about \$7,500) was won against competition from 32 other entries submitted by 22 countries. The special, or second prize, was won by a Belgian programme called *Les Amants D'Assises* which tells the extraordinary dramatic story of a court case concerning a crime of passion.

Christopher Dunkley

Theatre/David Murray

Rosmersholm

This is late-Ibsen, which means that it is horribly difficult to play now for full value. Annie Castledine's production is fluent, unmythic, dramatically well-pointed; Joan MarCUS has translated the text into easy modern English - though that leaves the principals' unbrotherable effusions about Freedom and the Joy of Life sounding eccentrically quaint. For Ibsenites and for theatre-lovers who want to improve their education, this *Rosmersholm* is seriously collectable, but some way off spot-on.

A quick re-cap: Rosmer is a scholarly Pastor (now ex), the heritor of a distinguished family in his Norwegian town. Widowed when his unstable wife flung herself into the mill-race, he has been not merely consoled by her young nurse-companion Rebekka (as the Young Vic programme insists upon spelling her), but transformed from moralising conservative to radical freethinker. He lends his name to a muck-raking liberal journal, and his old Establishment friends - represented by Headmaster Kroll - are scandalised. Kroll unearths some worrying facts about Rebekka; she and Rosmer examine their relationship and their ideals in a bleak new light; tragic denouement ensues.

As so often with late and late-Ibsen, we can recognise that matters of elevated moral import are at stake - and on a good night, be moved by them; but the theatrical scaffolding designed to raise them high seems period-bound and dusty. To our sceptical ears, every body sounds naively windy, or plain hypocritical. When we are meant to shudder or feel lofty thrills, we snigger. Sufficiently charismatic playing by the six-strong cast can override the hazards; here, however, six very intelligent performers are all more or less miscast.

Corin Redgrave's Rosmer, persuasive in his own terms, is a crumpled teddy-bear, ready



Corin Redgrave and Francesca Annis

with wry, self-deprecating little smiles whilst the text insists upon his sober gravitas. No trace of the former right-thinking orator is detectable, nor therefore any reason why the town's reactionary Right should be so keen to keep him. As Rebekka - a fervently idealistic girl, brought up in the stark North by a liberal stepfather (or perhaps incestuous father) with "advanced" books - Francesca Annis is irremediably chic, moving sensuously and self-appreciatively, and wielding an urbane, knowing chuckle.

Instead of a passionate backwoods Utopian, we see a lady whom Kroll's nasty diagnosis (ambitious, calculating seductress) fits all too well. When she succumbs to it near the end, it seems a matter of facing the unedifying facts, when we ought to feel an engineered subversion of blazing ideals. Similarly, Allan Corduner's

Kroll - a pompous, edgy barn-cock, towered over by Redgrave's gentle Pastor - is so brittle fixed from the start as to devalue his pragmatic wisdom later to cheap point-scoring. Old Ibsen gives his conservative monsters a fairer leash than that.

Bernard Lloyd makes Rosmer's unregenerate old tutor little more than a ruined poseur and dandy. Miriam Karlin is curiously enlisted as the Rosmersholm housekeeper; we expect more of her than the role could ever afford, and she treated her final lines (stagey reportage on the double suicide) with numb disdain. The poignant casting of a black actor, Leo Winters - complete with Afro-Caribbean accent - as the crusading small-town journalist, gives an extra fillip of unreality to the scene.

At the Young Vic, S.E.1, until October 31

Music Theatre/Andrew Clements

Toovey's 'Ubu Roi'

The cartoon cuts of Alfred Jarry's *Ubu Roi*, much celebrated 19th-century precursor of the Theatre of the Absurd, seem to offer a constant temptation to opera composers. Only last year Penderecki's *Ubu Rex* appeared at the Munich Festival, and now Andrew Toovey's version has been staged in Cardiff by Music Theatre Wales, which commissioned it. The touring production by Keith Turnbull is shared with the Bunt Centre in Alberta, Canada.

Toovey, born in 1962, has already amassed a substantial catalogue of works; an article by Michael Finnissy in the most recent issue of the magazine *Tempo* offered a useful introduction to his music. *Ubu* is his second theatre piece, but much more substantial and ambitious than its predecessor, based upon Artaud. Everything the composer has written is about suggests a summation of his development so far, and hints at the possibility of a fix on his musical style and future prospects. But in both these respects and in fact from every other perspective too, the evening is a huge disappointment, musically thin, dramatically unfocused and doggedly

unfunny.

The libretto was prepared by Toovey and Michael Finnissy, making a translation of Jarry's original that is at pains to preserve and to enhance where necessary its scabrous and scatological elements. The intention seems to have been to write an Offenbach comic opera for the 1990s; perhaps the tale of the terrible *Ubus* is meant to have an awful resonance for our own times. The grotesque *Pa Ubu*, the Essex Man of his day, is goaded by his equally noxious wife into killing the King and seizing power for himself; he then runs riot in his kingdom, reducing it to ruins by destroying its entire social fabric.

Toovey's version is far too leaden, and the humour impossibly coarse-grained to carry any kind of satirical force. An opera that considers that a line like "Then I'll get the fuck out of here" becomes side-splittingly funny just because it is sung to an ornate vocal line is in dire straits. The score is most convincing when deliberately intended as pastiche - there are some winning Ibert-like numbers, cornily melodic. The accidental pastiches, of the violence of Birtwistle's *Punch*

and *Judy* or of Maxwell Davies's hyper-expressionism, ring less true, perhaps because they are never placed within a convincing frame.

Ubu does not lack the courage of its convictions, but its full frontal assault on the audience's finer sensibilities is never accurately targeted. Toovey is a much more discriminating composer than he allows himself to be here, and a few beautifully imagined passages towards the end of the opera give that game away.

The production is reasonably effective, the performance conducted by Michael Rafferty enthusiastic. Both Richard Morris's *Pa* and Gale Oxley's tenor *Ma* are larger-than-life horrors; there is a neat Prince Bugglerpiss from Anne-Margaret Cameron, while Twyla Auguston, representing both the Nobility and the Army, deals with some stratospheric colostrum with great aplomb.

St David's Hall, Cardiff: further performance tonight, and then touring to Milford Haven (October 1), Aberystwyth (October 3), London (Queen Elizabeth Hall, October 5), Swansea (October 7), Bulth Wells (October 10)

Jazz/Garry Booth

Joey Calderazzo/Barbara Thompson

A funny thing about jazz, especially when it is performed in bars, is that the group may have met only hours before they take to the stage. Having rehearsed together for an hour or so in the afternoon they go out with some standards and follow the leader using eye and ear contact more than charts to find the way. Some leaders helpfully telegraph their direction while others simply do what they always do and leave their sidemen to come along if they want to.

Pianist Joey Calderazzo takes a third option and apparently enjoys the company of strangers. A contender, along with the likes of Julian Joseph or Maxine Roberts, for the hearts of youthful modern jazz fans, Calderazzo is a likeable and unpretentious young man. Heard at the Jazz Café earlier this week without his regular band but with Brittiters Winston Clifford

(drums) and Gary Crosby (sax), the American showed why Blue Note, his occasional sidemen, like him.

A nimble player, with an unfurled tone, he has a teeming right hand and a well modulated left. In delivery, his technique is to work up to a swinging number from an almost standing start - egged on here by Clifford's tough Art Blakey-like drumming. The exchange of energy in a trio is usually exciting because the three way dynamics demand it. At the Jazz Café Calderazzo seemed keen to make the three sides equal and as a result rationed his solo work to great effect. Thus, original ballads which started innocently soon developed into full steam ahead workouts as Calderazzo bounced across the keyboard.

A new trio recording with drummer

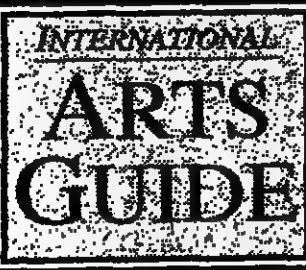
Peter Erskine and bassist John Pattitucci, his third date for Blue Note, is due in February and promises to be an interesting proposition.

Having a less happy time in clubland (The Vortex) without her regular band was saxophonist Barbara Thompson. Boldly tackling originals such as "Secret Soul" and "Jaunty" from the recent album *Breathless*, as well as standards like "The Man I Love", Thompson's playing was sweet and unfussy. Some uncertainty happened around her and an extremely noisy house conspired to detract from the clean and vocal phrasing which fought for a fair hearing, however. Better to catch her at Ronnie Scott's other club in Birmingham up to and including September 26 where she will be surrounded by her usual paraphernalia.

BBC documentary wins Prix Italia

The BBC has added once again to a unique record of success at the Prix Italia, oldest and most respected of all the world's broadcasting festivals, by winning this year's prize for television documentaries with *War, Lives and Videotape*. The programme, made by Nick Danziger, was one of the "Video Diaries" series in which non-professionals have been lent video cameras, given rudimentary training, and encouraged to produce personal documents. Danziger's tells of his efforts to provide a home in Kabul for orphans growing up in the mental hospital.

Christopher Dunkley



The Festival of Scandinavian Arts devised by London's Barbican Centre (Nov 10-Dec 13) will be the largest celebration of Scandinavian culture ever held in Britain. There will be a rare opportunity to view the full span of Edward Munch's career, as part of a survey of 14 Scandinavian artists over the past 100 years (coinciding with a major Munch retrospective at the National Gallery). The Design Museum will stage an exhibition focusing on how 20th century Scandinavian designers have influenced their British counterparts and the latest trends in Scandinavian design.

The musical highlights are a Nielsen cycle with Simon Rattle and the CBSO, and a Sibelius cycle with Colin Davis and the LSO. Mariss Jansons and the Oslo Philharmonic give the opening concert, and other visitors include the Gothenburg Symphony Orchestra conducted

by Neeme Järvi, Swedish trumpet virtuoso Hakan Hardenberger, the Reykjavik Wind Quintet, Anne Sofie von Otter and other leading Scandinavian singers. Finnish conductor Jukka-Pekka Saraste directs two of the five new music programmes in The Place Theatre. The programme also features Norwegian jazz saxophonist Jan Garbarek, Icelandic rock group Mezzoforte and a trio led by Danish contemporary jazz pianist Thomas Clausen.

There will be a Nordic film season attended by Liv Ullmann and other great names of Scandinavian cinema, and the talks programme features the Icelandic president, Vigdís Finnbogadóttir. Booking by post at Barbican Centre, Silk Street, London EC2Y 8DS, and by telephone on 071-638 8891.

EXHIBITIONS GUIDE

AMSTERDAM Rijksmuseum Meeting of Masterpieces: Lodovico Carracci's *The Vision of St Francis* and Titian's *Madonna and Child with John the Baptist* and Catherine. Ends Nov 8. Also *Drawings from the Age of Bruegel*: the Frits Lugt Collection. Ends Nov 8. Closed Mon. Stedelijk Museum Peter Halley: recent work. Ends Nov 1. Also Sigmar Polke: paintings. Ends

Nov 29. Daily. Van Gogh Museum Felix Vallotton (1865-1925): Swiss Post-Impressionist who joined the Nabis. Ends Nov 1. Daily. COLOGNE Wallraf-Richartz-Museum From Bruegel to Rubens: the Golden Century of Flemish Painting. An exhibition of 160 paintings and 170 graphic works from the years 1550 to 1650. Ends Nov 22. Closed Mon. FRANKFURT Schirn Kunsthalle Genoaese Art of the Baroque Age. Ends Nov 9. Daily. Städtel Oskar Kokoschka and the Puppet. Ends Oct 18. Daily. Deutsches Architekturmuseum Modern architecture 1900-50: 600 drawings by German architects. Ends Nov 28. Closed Mon. GENEVA Musée Barbier-Mueller Art of Benin: 20 pieces of bronze and ivory. Ends Oct 15. Also *Femme Nue*. *Femme Noire*: African sculptures of women. Ends Oct 13. Daily. Musée d'art et d'histoire Between Byzantium and Islam: objects in clay and bronze discovered during recent archaeological work at two sites in Jordan, including mosaics from a Byzantine church and the remains of a fortress and mosque. Ends Feb 21. Closed Mon. Petit Palais Louis Valtat and the Fauves. Ends Oct 30. Closed Mon. HANNOVER Sprengel Museum Art from

Costa Rica: 100 works by 30 artists whose inspiration came from the German Expressionists. Ends Oct 25. Closed Mon. HILDESHEIM Roemer und Pelikanmuseum The World of the Maya: archaeological treasures from central America, illustrating the rich civilisation of the Indian peoples before the arrival of Columbus. Ends Nov 2. Daily. LAUSANNE Musée d'Art Contemporain Roy Lichtenstein: 70 works by one of the founders of the pop art movement, illustrating the stages in his work over the past 30 years. Ends Jan 31. Daily. Musée Cantonal des Beaux-Arts Adolphe Appia (1862-1928): drawings by the Geneva-born artist and stage designer. Ends Nov 1. Closed Mon. LONDON Royal Academy of Arts Sacred Art of Tibet. Ends Dec 13. Also Alfred Sisley retrospective. Ends Oct 18. Daily. Hayward Gallery Art of Ancient Mexico. Ends Dec 6. Daily. Courtauld Institute Kokoschka: works on paper from the Princess Gate Collection. Ends Oct 28. Daily. Barbican John Heartfield: father of photomontage. Ends Oct 18. Daily. Tate Gallery The Painted Nude. Ends Dec 27. Also George Baselitz (b.1928): prints 1964-90. Ends Nov 1. Daily. Whitechapel Art Gallery Juan Gris (1887-1927): retrospective of the Spanish painter who joined Picasso and other

members of the Parisian avant-garde in the great Cubist experiment. Ends Nov 29. Closed Mon. MADRID Fundación Juan March David Hockney: 76 paintings, photographs and drawings. Ends Dec 13. Daily. MUNICH Kunsthalle der Hypo-Kulturstiftung Expressionist watercolours, drawings and prints by members of the Brücke. Ends Nov 1. Daily. Landesmuseum Gabriele Münter, one of the foremost female artists in early 20th century Germany. Ends Nov 1. Closed Mon. Neue Pinakothek Townscapes from St Petersburg. Ends Nov 27. Closed Mon. NEW YORK Museum of Modern Art Henri Matisse (1869-1954): the first full-scale retrospective since the 1970 centenary exhibition in Paris. It consists of 400 works, including 300 of the most important paintings and a generous selection of sculptures, drawings, paper cutouts and prints. Ends Jan 12. Closed Wed (call Ticketmaster 212-907 4545). Metropolitan Museum of Art Fibers: a retrospective commemorating the 400th anniversary of the Spanish painter's birth. Ends Nov 29. Also Rene Magritte: 150 works by the Belgian surrealist. Ends Nov 22. Closed Mon. Guggenheim Museum The Great Utopia: the Russian and Soviet Avant-Garde 1915-32. Ends Dec

15. The SoHo sits has the set of murals which Chagall painted for Moscow's Jewish Theatre in 1920. Ends Jan 17. The main museum is closed on Thurs, the SoHo site on Tues. IBM Gallery Christopher Columbus and the Spanish Exploration of the Indies: more than 70 objects from public and private collections in Spain, including documents, maps and scientific instruments. Ends Nov 7. Closed Sun and Mon. Whitney Museum of American Art Figurative Works from the Permanent Collection. Ends Nov 29. Also Homecoming: William H Johnson and Afro-America 1938-48. Ends Oct 25. Closed Mon. PARIS Grand Palais The Etruscans and Europe: pottery, bronzes, wall paintings and jewellery illustrating the harmonious civilisation which formed a link between ancient Greece and Rome, and influenced art and craftsmanship in central and western Europe. Ends Dec 14. Closed Tues, late opening Wed (eve du General Eisenhower). Grand Palais Biennale des Antiquaires: Pier Luigi Pizzi has devised a theatrical mise en scene for exhibits spread over 4500 square metres ranging from a tarracotta cheman 1150-800 BC to a sensual Venus in oil on copper from around 1800 AD, from royal dining room chairs to precious art deco furniture. Ends Oct 4. Daily. Espace Electra The Meeting of Two Worlds through the Eyes

of Italian Painters. Ends Oct 17. Closed Mon (6 rue Racamier). Centre Georges Pompidou Manifeste: 7,000 square metres given over to a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, cinema, architecture and design. Ends Nov 9. Closed Tues. WASHINGTON Renwick Gallery American Crafts: 120 objects spanning the development of functional and sculptural craft traditions of the 20th century, including work in glass, clay, metal and wood by Ed Rossbach, Albert Paley, George Nakashima and other prominent artists. Also Paley's studies for the Renwick's portal gates. Ends Jan 10. Daily. National Gallery of Art Art of the American Indian Frontier: 150 objects produced by Woodland and Plains Indians in the 19th century. Ends Jan 24. Daily. Arthur M Sackler Gallery Ancient Japan: 250 objects from the early cultures of Japan. Ends Nov 1. Daily. ZURICH Kunsthaus Gustav Klimt (1862-1918): a major retrospective of the Austrian Jugendstil designer and decorator, with 50 paintings and 130 drawings. Ends Dec 13. Closed Mon. Graphische Sammlung der ETH Claude Gauthier: drawings on packing paper, newspaper and other used paper in the manner pioneered by Joseph Bouys. Ends Nov 20. Closed Sat and Sun.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday September 25 1992

Time to assess Mr Clinton

WHEN SOME 400 leading US businessmen, some of them big Republican contributors in the past, declare their support for the president's November opponent, Governor Bill Clinton, it is time to take the US election seriously. The election is always Mr Bush's to lose, and the evidence continues to suggest that he will lose it. If he does, America's partners will lose a long-term friend, whose prime interest — fatally, perhaps, for his re-election hopes — was foreign policy, and will have to come to terms with a successor who is, internationally, a virtual unknown.

This is hardly a novelty. The US system usually finds its leaders from domestic politics, rather than from the experienced cabinet hands who normally succeed to the leadership of European political parties. Presidents Truman, Kennedy, Johnson, Ford, Carter and Reagan were each elected in their time of dangerous private in foreign affairs; they did not do notably worse than the experienced presidents, Nixon and Bush. The fact that Mr Clinton will find it easier than Mr Bush has done to shed the expensive trappings of the cold war may even prove an advantage, especially in restraining the US budget deficit.

However, the main problem of the present day is recession rather than ideology, so Mr Clinton's economic policies will be of far more interest to his partners than his foreign policy. Some of his speeches during the campaign have shown disturbing protectionist undertones, and his opponents have painted him as a covert liberal, whose promises of fiscal restraint are not to be believed. Only an extreme optimist would believe that the deficit reduction sums set out in his campaign

platform add up. Fortunately, there is a good deal of evidence that Mr Clinton is concealing conservative rather than liberal tendencies. His record in Arkansas is of a tight and somewhat tough administrator, prepared to confront extravagance and to do some of the things, such as imposing performance-related pay on public servants, which are still only agenda items for Britain's Conservative government. He has brought new enterprise, and some prosperity, to a previously depressed southern state.

His campaign proposals for a tough reform of the welfare system and for a cap on health spending are not those of a soft-hearted liberal. The rumour that he would try to recruit Mr Paul Volcker as Treasury secretary is still more suggestive. His demand for a line-item veto, giving him the power to block purely vote-buying spending proposals, is a long-standing item from the Bush agenda. The difference is that Mr Clinton, working with a Congress of his own party, and with many new members free of long-standing political debts, might get it enacted.

This political change, coupled with Mr Clinton's freedom from personal political debts, is the strongest reason for believing that a Clinton administration would develop a new, activist style. He believes the government action, mainly through large investment in education and the infrastructure, can secure better growth. Those who believe that recession is the biggest world threat might welcome a Clinton victory. Those who believe, with the IMF, that US and German fiscal deficits are the biggest bar to recovery, will still have some reservations.

Public sector pay

AS TREASURY ministers struggle to contain UK public expenditure, hard decisions loom. Government funding for the building programmes of housing associations is threatened. The inner cities may lose money for urban regeneration to ease the introduction of the council tax. Important transport projects such as London's Crossrail will be postponed. Cutting these programmes — all of which generate employment — will do nothing to help end the recession.

Yet the cuts might be less painful if the government raised control over public sector pay. Running at more than £70bn this year, the public sector pay bill accounts for almost a third of general government expenditure. It has been rising at around 10 per cent annually in the last two years — almost double the rate of inflation at a time when there has been no economic growth. As today's New Earnings Survey shows, average pay in the public sector is now higher than in the private sector for the first time since 1985.

Public sector pay increases tend to lag behind awards in the private sector in times of boom and overtake them in recession. But the New Earnings Survey figures suggest that it is time for the catching-up to stop. If the government is serious about refining in public expenditure, its pay bill must be at the top of the list. Mr Howard Davies, the new director general of the Confederation of British Industry, has called for the public sector pay bill to be frozen. That seems eminently sensible.

Sadly, a bad start has already been made to the pay round with this month's settlement for the

police. With the system of police remuneration under review, the government might reasonably have shaved this year's inflationary 6.5 per cent increase due under the Edmund Davies formula. Unfortunately it did not. The same mistake should not be made with firemen's pay, likely to rise by more than 6 per cent next year unless their pay formula is set aside.

Freezing the pay bill would be simple for the civil service and armed forces, where the government is the employer. However, a firm line is also needed on the pay of almost 1m people working in the health service and 2.3m in local government. The government should make it clear that funding for these services for the coming year will be on the basis of 11 per cent on the overall pay bill. If local authorities concede increases in the pay bill and pass the cost on to local taxpayers, the government must ensure that the blame is firmly pinned on their prodigality.

A freeze on the total pay bill does not rule out pay rises for some. Where efficiency gains are made — for example through contracting-out of services — the savings will be available to increase pay within the organisation. However, the emphasis should be on improving incentives for experience and good performance rather than across-the-board increases. Performance-related pay still plays an insignificant role in most of the public sector and has not yet penetrated some such as teaching. Fast progress should now be made on extending its coverage throughout the public services.

Hounded down

Mr David Mellor was hounded from office by the British tabloid press. He was right to refuse to resign for as long as he did, and he should not have been forced to go in the end. The private life of a politician should not determine his or her suitability as a minister. Mr Mellor's admitted adultery was an unfortunate incident with in other countries might not have been thought worthy of mention. A peculiarly British prurience led to it being magnified out of all proportion.

It might be argued that it was not his affair with an actress that brought him down. By accepting an expenses-paid holiday in Spain as the guest of the daughter of a senior figure within the PLO Mr Mellor showed a lack of judgment. True, although the prime minister has supported him in his denial that the visit breached the ministerial code of conduct. The same lack of judgment might be discerned in his business holiday visit to Abu Dhabi, which would have looked better had Mr Mellor bought his own ticket.

These are not incidents of which the former secretary for the national heritage can be especially

proud, but they would never have been carried on so many front pages had it not been for the interest aroused by the original adultery story. To say now that it was the foreign visits alone that brought Mr Mellor down is humbug.

There is a certain irony in all this. The task of deciding whether to introduce laws to protect the privacy of individuals will now fall to other ministers. Few of the likely candidates are as clearly opposed to a privacy bill as was Mr Mellor. Even if he favoured one he would, given his circumstances, have found it difficult to propose such a law. His departure, and the manner of it, will not weaken the determination of those who want to curb the press.

It is a curious fact about the British way of politics that a relatively unimportant minister can be forced to resign from office for his personal peccadilloes, while a chancellor may safely see his entire strategy collapse in ruins and lose his credibility with the markets. We may question his judgment on the management of the economy, but hound him out? Never.

Is the case for an independent central bank in Britain an idea whose time has finally come? Or is it just one more overblown nostrum of the kind that has contributed to the exceptionally erratic path of British monetary policy over the past two decades? Whatever the answer, the arguments for an independent central bank will run and run in the aftermath of the debacle over the exchange rate mechanism.

The issue of central banking independence has already been aired in the course of the debate on the Maastricht treaty, which contains a blueprint for an independent European central bank. The emphasis on independence undoubtedly stems from the success of the Bundesbank in achieving price stability in Germany within a context of high economic growth. Given the pivotal position of the Germans in the negotiations over monetary union it was inevitable that the Bundesbank should become the model for any European central bank. But the idea also derives wider support from the work of thinkers such as Friedrich Hayek and from the adherents of public choice theory.

Current academic theories on central banking hold that since there is no trade-off in the medium and long term between growth and employment, on the one hand, and inflation on the other, the only sensible goal for a central bank is the exclusive pursuit of price stability. But as there remains a short-run trade-off, politicians who work within the constraints of an electoral timetable will always be tempted to engineer pre-electoral booms regardless of the longer run inflationary consequences. This, in essence, is the argument for protecting central bankers from political interference. It particularly appeals to the growing band of people who favour explicit constitutional limitations on government.

The idea has obvious relevance for countries such as Britain where inflation has proved highly resistant to orthodox treatment. A huge body of academic evidence suggests that more independence, however defined, is associated with lower inflation. But work by Alberto Alesina and Lawrence Summers does not confirm that freedom from political interference delivers lower unemployment, a more stable economy or higher growth — this, despite frequent assertions that the anti-inflationary credibility which supposedly derives from independence encourages more rapid adjustment in labour markets.

Nor does the existence of a correlation between independence and low inflation mean that independence is a *quid pro quo*. France has recently achieved a low rate of inflation than Germany despite the Bank of France being more subservient to government than most. What was the key to this impressive disinflationary performance: the exercise of political will, or the institutional arrangements that the French borrowed from the Bundesbank via the ERM?

Japan's ability to control inflation over the past decade has compared more favourably with that of Germany or the US, where the Federal Reserve enjoys a high degree of independence. Yet the Bank of Japan makes low inflation a *quid pro quo* for the government's support. The Bundesbank Law of 1957, which obliges the Bundesbank to "support the general economic policy of the federal government", was seen to do so at the time of German unification — much to the chagrin of the Bundesbank Council. And when it comes to any consideration of independence for the Bank

Currency turmoil has raised the question of whether the Bank of England should be more independent, says John Plender

Threadneedle street credibility

The value of independence



pendent when one of its own men holds office — witness the single-mindedness with which Mr Yasushi Mieno has pursued anti-inflationary policies in the face of opposition from the MoF.

The low view of politicians implicit in the arguments for independent central banking assumes a degree of competence, as well as cynicism, on the part of ministers that is not always in evidence. The Barber boom in Britain in the early 1970s was followed by sterling crises and a succession of public increases in minimum lending rate that severely damaged the prospects of Tory leader Mr Edward Heath at the polls in 1974. Nor is it easy to reconcile the economic policies of the Conservative government before the 1992 election with anything that remotely resembles ruthless political expediency.

Clearly the issue is more complicated than it appears at first sight. Statutory independence must strengthen the central banker's arm in resisting political pressure. But there are degrees of independence, as well as conflicting goals: even the German central bank, under the Bundesbank Law of 1957, is obliged to "support the general economic policy of the federal government", and was seen to do so at the time of German unification — much to the chagrin of the Bundesbank Council. And when it comes to any consideration of independence for the Bank

of England, it is important to acknowledge that the best known examples of independent central banks such as those of Germany, the US and Switzerland, are products of a federal system. They are thus representative organisations, enjoying a legitimacy they could not enjoy in a unitary state.

In a country such as Germany, where the folk memory of the devastating inflation of 1923 and 1948 is strong, such a structure has obvious appeal. The British inflationary experience has been exceptionally mild by comparison. This is reflected in official statements. The governor of the Bank of England, Mr Robin Leigh-Pemberton, remarked, in the early stages of moves towards economic and monetary union (Emu): "I have to say that I believe the term 'independent' is misleading and obscures the key issues. No one could sensibly suggest that in liberal democracies any central monetary institution should be unaccountable."

Yet the Maastricht Treaty's subsequent blueprint for a European Central Banking System comes even closer than the Bundesbank to a version of central banking independence where the politicians are, so to speak, required to throw away the key. That highlights one of the problems the government would face in the course of any ratification

process for Maastricht. It also suggests that a British move towards independence for the Bank of England, if it takes place outside the context of Emu, would have to incorporate an extended discussion of accountability and democracy.

The best available model for an independent central bank in a unitary state is that of New Zealand. There the government has signed a contract with the governor of the Reserve Bank, Mr Donald Brash, whereby the bank commits itself to a 0.5 per cent inflation target as measured by a specially adjusted version of the retail price index, which makes allowances for external pressures such as adverse shifts in the terms of trade. In other words, the goal is specific, performance can be measured and the existence of a contract provides for a transparent political override: the politicians can reset objectives in response to circumstances. Yet the government cannot override a contract without giving notice and an override has to be renewed after six months. The procedure is thus transparent.

There is also some link between achievement and reward, if not to the extent originally intended. According to Professor Charles Goodhart of the London School of Economics, who helped advise on the adoption of the Reserve Bank of New Zealand Act, it was originally proposed that the salaries of the governor and his top officials

should be related to the inflation outturn. This idea was shelved because it was thought politically inflammatory to increase the governor's salary for taking deflationary measures that might throw people out of work. But a sanction remains: if the governor fails to deliver, reappointment is unlikely.

It is conceivable that something more akin to the New Zealand version of independence could be acceptable in Britain. But the existence of an override might be thought to dilute the anti-inflationary commitment. And as David Marsh has pointed out in his new book on the Bundesbank, referred to here on Wednesday, the German central bank only acquired credibility over a long period in which forceful bankers engaged in constant trench warfare with the likes of Konrad Adenauer and Helmut Schmidt as well as Helmut Kohl.

With the benchmark German bond standing at nearly 7½ per cent — 4 percentage points more than German inflation — and marginally higher than comparable US Treasury securities, it is clearly having to fight the credibility battle again and again. Would British politicians and central bankers be capable of such dogged persistence in pursuit of low inflation? It is tempting to argue that any government that so cheerfully abandoned control over its monetary policy to the Germans could hardly object to giving away control of the Bank of England to British central bankers. What has the Treasury got against the Bank of England that does not apply with greater force to the Bundesbank? But then the government only passed the buck to the foreign central bankers with an opt-out clause on Emu and, as we saw last week, the ERM always contained an opt-out clause anyway. Would such a government offer the Bank of England a version of independence worthy of the name?

As for the people who run the Bank of England, their undoubted resolve could no doubt be reinforced by different institutional arrangements. But whether they would ever be a match for the inheritors of the great Prussian civil service ethos who run the Bundesbank is an open question. In a clubby British culture that no longer attaches overwhelming priority to the protection of the currency, the risk might be similar to that in Ireland, where central bankers are sometimes alleged to be too close to the politicians, notwithstanding their central bank's high degree of formal independence. To return to the academic statistics, there could be another explanation for the low correlation between independence and low inflation. To wit, those electorates which give their central banks independence may be precisely the ones that value price stability most. In which case, thinks Prof Goodhart, the act of granting independence to a central bank to pursue policies that the public does not want could lead to severe political problems.

Certainly it is striking how often the case for an independent central bank in Britain is put most vocally by politicians who have left office (Lord Tabbitt, Lord Lawson) or who are unlikely to hold it in the foreseeable future (Mr Paddy Ashdown, Mr Alan Beith). That correlation is perhaps even more impressive than the ones provided by the academics. Over to you, Messrs Major and Lamont.

* Harvard Institute of Economic Research Discussion Paper No 1498.

Set fair for progress

Middle East peace talks have adjourned on an optimistic note but with no breakthrough, says Hugh Carnegie

If there is one person who encapsulates the state of the Middle East peace negotiations, which adjourned yesterday after a month of talks in Washington, it is Ms Bushra Kanafani, Syria's spokeswoman.

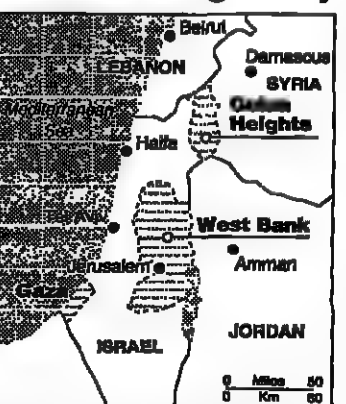
Ms Kanafani is canny, cautious and clipped as befits the secure, ruthless regime she represents. But the severity of old sometimes gives way to a lighter tone, even to good-natured bantering with Israeli journalists. "You know we have a saying that before it rains it must become cloudy," she said this week. "But it is not cloudy yet, so I cannot expect rain tomorrow."

So it was that the first round of talks held since Mr Yitzhak Rabin came to power in Israel in July, pledging to accelerate the peace process, ended yesterday without any significant breakthrough.

But just as Mrs Kanafani's manner contains tantalising hints of a change of attitude, so there are grounds for believing that the talks may yet produce positive results. All sides have agreed to return to the table in late October. As Mrs Kanafani said: "Don't take it that we are pessimistic. Don't take it that the discussions so far have not been very useful."

This, in itself, is something of an achievement. Almost a year and six rounds of negotiations have now passed since the talks were launched at last October's Madrid peace conference. In that time negotiations have become the established way of doing business for the Arabs and Israel in a way that was previously unthinkable. Five strands of multilateral negotiations are proceeding on arms control, economic co-operation, water resources, environmental issues and refugees, involving dozens of Middle Eastern and other nations.

"The peace talks might fail," says Mr Robert Sattloff, deputy director



of the Washington Institute for Near East Policy, a Jewish-funded think tank. "But things can never go back to the way they were before. Arabs and Israelis meet regularly to discuss problems now."

While the four tracks of bilateral negotiations between Israel and, respectively, the Palestinians, Jordan, Lebanon and Syria, have failed to resolve their wide differences, they have been characterised by cordial and determined efforts to keep the process going. Israel and the Palestinians have still not fully agreed the terms for negotiating an initial five-year period of Palestinian self-government in the occupied West Bank and Gaza Strip. Such an agreement would precede talks on a permanent territorial settlement. The Palestinians remain afraid that this two-stage approach will prejudice their goal of an independent state.

There are positive signs, however. Mr Rabin — in contrast with his predecessor Mr Yitzhak Shamir — has turned a blind eye to close consultations between the Palestinian delegation from the occupied territories and the Tunis-based Palestine Liberation Organisation.

Equally significant, in the past week the two delegations formed small, informal working groups to

try to find ways forward which were not tape-recorded as all the main negotiating sessions have been.

In the Syrian-Israeli talks the issue revolves around the Golan Heights, occupied by Israel since 1967. Mr Rabin, despite opposition at home, has signalled a willingness to give back at least some of the heights if Syria commits itself to a full-fledged peace treaty. Syria puts the issue the other way around: it will not commit itself to full peace until it is assured of getting back all the Golan.

The intention to issue this week an initial joint document of principles that would be the basis for negotiations fell down on the Golan question.

Talks between Israel and Jordan and Israel and Lebanon are less difficult than those with the Palestinians and Syria. But here lies another complication: how to coordinate all four sets of negotiations so that they move roughly in step.

Privately, all sides agree that in the end, they are unlikely to be able to make real progress without the active intervention of the US, which has stayed mainly on the sidelines.

"At a certain point only the Americans can come up with a solution on the Golan that will be less than the Syrians demand right now and more than any Israeli government could afford to propose by itself," said a senior Israeli delegate.

Until recently there was an assumption that the talks would not resume until after the US presidential election in November. Now all sides have agreed to come back before then.

No great shift in US Middle East policy is anticipated should Mr Bill Clinton defeat President Bush. But it will be hard to make significant advances in the peace process until a new administration is established and able to give the talks its full attention.

Omega Constellation.
Ladies' watch in 18 k gold.
Scratch-resistant sapphire crystal.
Water-resistant.
Swiss made since 1848.



Ω
OMEGA
The sign of excellence

Joe Rogaly

Here a squiggle, there a wobble



Mr John Major's run of ill-fortune continues. He has lost a strategy, forfeited a vision, and now failed to protect a best friend in his cabinet. I will come to the minor matter of Mr David Mellor in a moment. Take the big stuff first. The prime minister has spoken. The government's intentions remain the same: they are as clear as mud. The cabinet's strategy for Europe and the economy looks like a toss-up between two propositions. Either we are in the midst of the mother of all U-turns, or what we heard yesterday will go down as the first squiggle in what is likely to be a prolonged period of wobble.

Yesterday's performance by the prime minister suggested not so much a U-turn as a U-squirm



House of contrasts: Smith, left, showed an easy command, while Major, right, has to shout above the hubbub

My vote is for the squiggle-wobble theory. Mr Major, whose current mood is described by close colleagues as "up and down", is, to his credit, sticking to the most important of all the positions he has espoused since arriving at Number 10 Downing Street. He still asserts that Britain must be a participant in the affairs of its continental neighbours. Opening the emergency debate yesterday he rejected the view, held by one or two of the more hard-line anti-European MPs, that it was a mistake to enter the European Community in the first place. He also derided the proposition, common among vintage Euro-enthusiasts, that sooner or later a centralised Europe is inevitable. "Just as the interests of France or Germany will always come first for them, so the interests of Britain will always come first for us," he said.

"The third school of thought about Europe is quite different," he went on. "It's that it is in the interests of Britain... for us to be part of the development of our continent." This kind of statement, of which there are other examples, might, in happier times, serve to reassert his leadership. So would the promise, firm on first hearing but unfortunately wobbly on close examination, that once an unpredictable set of circumstances has come to pass, the bill to ratify the Maastricht treaty will once again be put before the house. "I do not believe it would be proper for a British prime minister to agree a treaty and then disown it," said Mr Major.

The difficulty with this stout affirmation lies in those unpredictable circumstances. Take, first, the exchange rate mechanism. Mr Major led Britain in two years ago, then suddenly led us out last week. Yesterday he made it clear that he will not advocate re-entry until the

other participating countries have done such things. He knows not what, as enable the mechanism to work "to the benefit of all its members". These things needed "careful examination, careful consideration" before a decision to return to membership could be made. That is a squiggle if ever there was one. In July he set a single obstacle to ratification of the Maastricht treaty. There must first be a solution to the Danish veto. Now he has added a further obstacle, the inco-

order papers was waved. The hostility of some of the Tory backbenchers was evident from both their questions and the insulting tone in which they were put; one questioner had to be reminded by Mr Major that he had fought the recent election on the Conservative manifesto.

Those who fear a U-turn on the strategy for the economy will find similar obtuseness in yesterday's debate. The prime minister told the Commons that his administration would

Is Mr Mellor's head to lie on the scaffold that might have despatched Mr Lamont? We can only ask

ration into the treaty of a protocol on subsidiarity. A clear wobble.

Thus the effect of a speech that contained passages worthy of the best in Mr Major was diluted by the surrender of such territory as the Conservative anti-Europeans are deemed to have captured for the duration. It did not sound like a U-turn, more like a U-squirm. The prime minister's performance was not enhanced by the opening remarks, which amounted to a list of excuses, made all the more poignant by references to "my formidable predecessor". It is hardly surprising that the Conservatives did not rise to their feet to cheer. Only a scattering of

still fight for low inflation, albeit outside the European exchange rate mechanism. He stood by Mr Norman Lamont, declaring "I take full responsibility for the actions and policies of my chancellor." The trouble here is that no one has any reason to believe what Mr Lamont says any more.

My own view, from some knowledge of both of them, is that Mr Major and Mr Lamont sincerely intend to maintain the reduction of inflation as the lodestar by which economic policy is guided. They will not, however, be believed by the markets until their actions demonstrate the truth of their words. So far their one action, an interest rate cut, has

been in the direction of fostering growth, not bearing down on inflation.

Now for Mr Mellor. Shortly after the prime minister sat down yesterday the news came through that the heritage secretary, known as the "minister for fun", had resigned. In the battle with the tabloids, the prime minister lost. He had made more than one statement of steadfast support for his close friend, who had been caught in an act of adultery, for which he should not have had to resign, and hounded over stories about his acceptance of hospitality, which would not have been pursued if there had been no adultery to oil the lubricious word processors of the popular papers.

The question now is whether this is a sufficient blood-sacrifice for a public that has wanted to see at least one member of the government topple in the light of all the disturbing news of the past 10 days. Is Mr Mellor's head to lie on the scaffold that might have despatched Mr Lamont? We can only ask the question. The proposition that Mr Lamont will not be next rests more on his own purposeful build-up of a power base within the party than on Mr Major's stated determination to protect the colleague who helped him become leader of the party.

That is not the end of the tale of prime ministerial woes. The new leader of the Labour party has emerged from his Trappist period and shown that when he has a man in his open sights in a clear field he has no hesitation in mowing him down. This Mr John Smith did mercilessly yesterday, with an easy command of the house that Mr Major can only dream of. They listen even when Mr Smith speaks in a low voice for dramatic effect; Mr Major has to shout above the hubbub.

The Labour leader, who has positioned himself solidly on Mr Major's pre-devaluation European strategy, contented himself with displaying his forensic skills and his talent for knockabout comedy. It lacked substance, but was strong on entertainment value.

Mr Major and Mr Lamont may content themselves with the observation that in their last contest with Mr Smith, in April, it was they who won. They (or at least Mr Major) can look forward to four more years of office before taking him on again. A simple U-turn would ensure that they coast to victory next time. All Mr Lamont has to do is betray his own deep instincts and stoke up a Lamont boom to stand in history alongside the Barber and Lawson booms. He will not mean to, but the temptation must be strong. The likely result: wobble.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Subsidiarity not a recent concept

From Mr Stanley Crossick.

Sir, Britain's chancellor, Norman Lamont, referring to subsidiarity on the BBC's Today programme on September 21, said "... that very British idea that no one was interested in at first".

The clarity of his assertion suggests that the chancellor may believe in its accuracy.

May I respectfully remind him that subsidiarity has been on the periphery of discussions on European integration for nearly 20 years. The Tindemann report of 1976 addressed the principle without the subject (which was raised by the Commission). In 1984 the European parliament's draft treaty on European union explicitly included the principle of subsidiarity in its preamble and several articles.

Article 130(R)(4) of the 1986 Single European Act expressly applied the principle without the term subsidiarity as such.

Subsidiarity was raised as early as 1988 by Jacques Delors and has been debated ever since. It was not the UK which introduced the provision into the Maastricht treaty. Stanley Crossick, chairman, Belmont European Policy Centre, Brussels

Misleading retail sales behind inaccurate Treasury forecasts

From Mr Paul Livesey.

Sir, Prof Wynne Godley rightly draws attention to the inaccuracy of the Treasury forecasts (Letters, September 21). Could not a significant factor be the misleading retail sales figures during the period in question? Some retailers believe that the non-food retail sales figures have been as much as 6 per cent greater than actual sales during the March 1990 to November 1991

period shown in the graph. Since the summer of 1989, when retail sales started to show a decline, retailers have regularly drawn ministers' attention to the inaccuracy of the published retail sales. In addition, major multiples, including House of Fraser, have been sending to the Treasury their own sales figures via Price Waterhouse which have shown a significant difference from Central Statistical Office

figures. This information seems to have been ignored. The British Retail Consortium is now providing more comprehensive statistics to the CSO, whose own sample has been doubled in size. I trust that these activities will go some way to improving future forecasts. Paul Livesey, House of Fraser, 1 Hovick Place, London SW1P 1BH

Squaring up to reality

From Mr Ian Harrison.

Sir, Samuel Brittan argues that a one-vote majority is enough to confirm French ratification of the Maastricht treaty ("Waiting for the 'D' word", September 21). Yet he goes on to suggest that the Danes have to be "squared".

Several thousand more Danes said No than said Yes and the treaty has to be ratified by all 12 nations or it does not go ahead. Surely it is the politicians who have to "square" up to the reality that No means No in a democracy. Ian Harrison, Chipstead Street, London SW8

New orthodoxy on devaluation

From Mr Harvey Cole.

Sir, A new orthodoxy seems to be developing. This suggests that, because of the slack in the world economy, competitive pressures will stop us having to pay the normal inflationary consequences of devaluation.

Only time will show whether this is true. However, if it is, then presumably we will also fail to reap the export benefits that would otherwise be associated with a lower value of the pound. Harvey Cole, 9 Clifton Road, Winchester, Hants SO22 5BP

Promises promises

From Mr Ian Duncliff.

Sir, I realise that headlines are meant to be terse and to the point, but a little punctuation would occasionally help. On the front page of your international edition (September 23) I wondered whether "Maastricht lives on promises Kohl" was intended as "Maastricht lives on promises Kohl" or "Maastricht lives on promises: Kohl". However, a few more minutes' thought persuaded me that in this case it probably didn't matter... Ian Duncliff, Up de Schanz 73, 2000 Hamburg 53, Germany

Cost of expansionary fiscal policy in Japan of key significance

From Mr Masaki Omura.

Sir, I would like to comment on the recent editorials (August 19 and September 1) regarding the Japanese fiscal authority's inaction over the current economic problem. Because these attributed the delay of measures solely to the authority's misjudgment of the economy, I think the most important factor in the argument was missing. This is the cost of expansionary fiscal policy, which the authority always calculates much higher than others do because of its belief that the budget deficit cannot be reduced at an economically desirable pace. The higher the cost, the more the economic situation needs to be recognised as serious to adopt a drastic expansionary policy.

I wonder how many economists and journalists, not to mention politicians, who strongly advocated Japanese fiscal expansion on this occasion will show the same enthusiasm about reduction of the budget deficit if the fiscal authority has difficulty with it at a later stage. If the fiscal authority thought it would have as much support for cutting the budget deficit as for expanding it, its judgment would come closer to one based on purely economic factors.

Although the articles cited the general government budget surplus of Japan as evidence of room for flexibility, the central government budget shows one of the worst situations among G8 countries, with debt-related service exceeding 20 per cent of

the total expense. The difference between the deficit of the central government budget and the general government surplus is mainly attributable to the surplus of the social pension fund. However, this is the source of future payments to pensioners and is mainly used through the Fiscal Investment Loan Programme, which also plays an important role in economic policy. Owing to the rapid ageing of Japanese society, future payments from the pension fund are expected to increase dramatically. Under such circumstances, if the government used up this surplus in expenditure not loans, as your articles suggest, it would soon face severe difficulties. Certainly, the authority should make optimum effort to

achieve accurate economic assessment. But the others, or at least the economists and the journalists, also need to pay more attention to the political reality of the budget cut process. Until we reach this situation we may have to live with the ironical balance between neglect of the economic reality and of the political one. Naturally the result will have to come with some delay, owing to the present distance from reality. However, this may be the second best solution at the moment. Masaki Omura, chief representative, London Office, Japan Centre for International Finance, Bracken House, 1 Friday Street, London EC4M 3JA

OBSERVER

Waiting in the wings

■ Who put Arkansas on the map? George Bush or the state's governor, Democrat presidential candidate Bill Clinton?

Oddly enough, Bush aroused the biggest publicity boost for the state this year by mislocating it: "somewhere between Oklahoma and Texas," he said, which applies only to one minuscule corner north-west of Texarkana.

But while Clinton has carried on the good work, the man who is most keen for the international limelight to fall on the state is Jim Guy Tucker.

True, Clinton is technically governor, and every now and then breaks from the campaign trail to go back home to Little Rock and "attend to state business". In reality, however, Arkansas is run by Tucker and he looks to be enjoying it.

A lawyer and two-time state attorney general, with a term in Congress under his belt from 1976-78, he is three years older than Clinton, looks a little like him, but is trimmer. He was elected lieutenant governor in 1990, appointed acting governor last year, and if the Democrat wins the White House, is in line to take over the state in his own right.

One option would be to serve out Clinton's unexpired term until 1994. But he'd prefer, provided his checks confirm that state law allows it, to call a special election within 60 days. "If I can't win at this point, God let me know now."

He slyly points out that the US president's ignorance of the state's whereabouts certainly isn't shared by the 108 international companies with investment there. Moreover, if the recent British corporate experience

is anything to go by, the last place jobs are going to be cut is Arkansas. Within the past week, both BICC and BAE have been wielding the axe - but not, significantly, in the land of the rosebushes where both have interests.

Could these decisions, not to mention Hanson's five separate operations in the state, reflect some British political preference?

Pork scratchings

■ The strange reappearance of the name Ross Perot in connection with the presidential election race has set American calculators clicking.

When earlier this year he stepped out of the limelight there was speculation that he was unwilling to fund the scale of the task. If he's now back - in some form - has he found the necessary?

The necessary, in this case, is pretty huge. Back in July, Horizon Media calculated that a third-party candidate would need to spend \$4.49 a vote, or \$153m, to stand a chance of winning 34 per cent of the 100m Americans expected to vote in November, the minimum percentage required to win a three-way race.

That's a big pork barrel by anyone's standards.

For the record

■ If there is one obvious lesson to be drawn from the Blue Arrow fiasco, it's not to leave your Filofax lying around, and especially not on the boardroom table.

The career of Mitchell Fromstein, the US boss of Blue Arrow's most important Manpower business, ended temporarily after his missing Filofax fell into the hands of Blue Arrow chairman Tony



Berry. It triggered Fromstein's dismissal.

According to yesterday's DTI report into Blue Arrow, Berry was "extremely shocked" and "zumb" after he had read the plans that Fromstein had in mind.

Leaving aside the question of the propriety of reading someone else's Filofax, Observer is much more puzzled by what someone as un-ruffled as an 84-year-old Fromstein was doing with a bulging Filofax in the first place.

Nouveau which?

■ Naturally, if you happen to head a polytechnic apothecising itself into a university, the critical issue is which title to award yourself.

After all, while "director" might have befitted a poly, it's far too plain a style for the newly grand. "We had to have a vice-chancellor to show we were doing the whole thing seriously," says a "deputy vice-chancellor" at the University of Greenwich (alias Thames Polytechnic).

In the event, most of Britain's former polys have likewise adorned themselves with V-Cs although a few have plumped for Euro-appeal with rectors. But neither such style is good enough for Chris Price, the former Labour MP who runs what is now Leeds Metropolitan University.

"Americans only understand presidents," he contends. So he is about to become one.

Touching base

■ Sad to see that Uli Schmidt, one of South Africa's few world class rugby players, has pulled out of his team's forthcoming two-month tour of France and England.

Pressure of work - he's a surgeon - is partly to blame. But so is the ANC's increasing interference in the game. "As a player, if you are denied the symbols of your country, the flag, and the anthem, you are denied your identity," says Schmidt.

But isn't that what white South Africans have been doing to their black countrymen for years?

Show-down

■ Unlike most of the white-collar breed who get the sack these days, David Mellor at least has another job to go to - in pantomime. Screaming Lord Sutch yesterday publicly offered him £2,000 a week to play the "Raving Loony Captain" opposite Eartha Kitt in Robinson Crusoe, due to tour nationally later this year.

Odds on

■ Running true to form? The "Town Council Novices" Sheepchase at Market Rasen in Lincolnshire was won by Cornput Committee, ridden by a Tory.

WHY WALES IS ON THE CARDS FOR BUSINESS.



In the last 20 years so many major companies have found that Wales is a good move for business.

Companies like Bosch, Sony and Kimberly Clark all of whom have discovered the numerous Welsh advantages of a skilled, adaptable workforce: excellent sites available for manufacturing and offices; and the impressive communications links - motorways, ports and Cardiff/Wales Airport, making Wales an ideal operational centre.

All achievable, with a little help from the Welsh Development Agency - a real Welsh Advantage when you mean business.

Pur the Welsh Advantage to your advantage. Call Geoffrey Smith on (0222) 666862; by fax (0222) 668279 or write to him at Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff CF1 3XX.



THE WELSH ADVANTAGE

TRAFALGAR HOUSE
CONSTRUCTION
TELEPHONE 081 489 2266
Giving construction a good name

FINANCIAL TIMES

Friday September 25 1992

A FINANCIAL TIME
for change



Canal fulfils European dream

The North Sea and the Black Sea are at long last to be linked

By David Waller in Frankfurt and Ian Rodger in Vienna

AN AGE-OLD European dream becomes reality today, with the opening of a canal linking the Rhine and Main rivers in the north of Europe to the Danube in the south - thus connecting the North Sea and the Black Sea for the first time.

This was a dream of Charlemagne 1,200 years ago, and of successive Holy Roman emperors since then. With an appropriate sense of occasion, the opening will be celebrated in grand style - but not without a note of discord.

As some 2,000 or so honorary guests assemble this morning in the Nuremberg Meistersinger hall for a musical celebration, the Bavarian Green party is hoping to field a demonstration of several hundred opponents on the square outside.

And as the guests float down the canal later in the day in a flotilla of boats to celebrate the formal opening in the presence of German president Richard von Weizsäcker and Mr Günter Krause, the transport minister, the aggrieved Greens will be following a similar route in minibuses, with the view of staging a second demonstration later in the day.

Fans of the project say that the 171km stretch of canal from Bamberg to Kelheim will do more than provide an impetus to Bavaria's economy. They talk in grandiloquent terms about a waterway, twice as long as the Panama canal and longer than Suez, which will bring east and west closer together.

It has taken more than 30 years to build, at a cost of over DM6bn (\$4bn). Building work was halted during Mr Helmut Schmidt's time as chancellor, on the basis that the project was woefully uneconomic, and revived again only after Mr Helmut Kohl came to power in 1982.

"A monument to godlessness",

is how one Bavarian pastor described the project this week. Another critic, Mr Christian Magerl, the Greens' environment spokesman in the Bavarian parliament, says the canal is a "pure prestige object".

He objects to the canal because it runs through what used to be unspoilt countryside and will alter the water table, to the detriment of Bavaria's flora and fauna.

He also believes the canal is economic nonsense. "It will compete with the train system and not the autobahns, which is stupid," he says. "And the canal operators' expectations of 10m tonnes of cargo every year are hopelessly ambitious."

Mr Magerl believes cargo will amount to no more than 3m tonnes a year - a level at which the project would not even cover its running costs, he says.

The new waterway is by no means as simple to navigate as, say, the Rhine. There are no fewer than 80 locks on the Main and in the canal, slowing traffic considerably. The Danube also flows faster than the Rhine. A voyage from Linz to Rotterdam will probably take 10 or 11 days compared with a guaranteed 42 hours by rail.

There are stretches of the Danube where the water is occasion-

ally too shallow for navigation. This rules out the establishment of regular liner services and the use of the waterway for just-in-time deliveries.

Clearances beneath some bridges on the Danube are so low that containers can only be piled two-high. Rhine operators feel they need to load containers four-high to be profitable. Similarly, long strings of barges can be put together on the Rhine, but not on the twisting Main or through the new canal locks.

If these obstacles ensure that the amount of traffic going all the way from Rotterdam to Romania will be limited, the canal seems certain to boost Austria-German trade. The Austrians estimate that nearly half of traffic on the canal will be related to their country - either raw materials coming from Rotterdam to the big steel and chemical plants at Linz or industrial components and semi-finished products moving up to German factories from Austria for final assembly.

Austrian officials expect the build-up of traffic on the waterway to be gradual and to depend on a number of factors, such as reliability of the reaction of the railways to new competition.

Hungary also hopes the canal will boost trade with Germany, already the country's largest trading partner. The transport ministry estimates that traffic in Hungarian goods on the Danube, currently about 1.5m-2m tonnes, will rise up to threefold.

Hungary is pressing ahead with port renovation and an entirely new facility at Győr in the west of the country. Meanwhile at Constanta, the ancient Black Sea port where the poet Ovid spent his last days in miserable exile, the cranes stand idle. Hopes are high in Romania that the opening of the canal will revive the port, which handled only 23m tonnes of cargo last year, less than half 1989 levels, and strengthen the country's ties with the west.

Although Nicolae Ceaușescu, the country's former dictator, spent more than \$5bn in the hope of making Constanta the world's third largest port, personally oversaw the building of a 65km canal to link it to the Danube, the port still needs investment of some \$300m to be completed.

Worse, trade has fallen victim to the conflict in the former Yugoslavia, with the United Nations embargo on trade with Serbia likely to cost Romania \$3bn this year alone.

Additional reporting by Virginia Marsh in Bucharest and Nicholas Denton in Budapest



THE LEX COLUMN

The relegation zone

Sterling's fall of nearly three pence yesterday was a taste of what life in the slow lane can be like. We do not yet know whether the Bundesbank and the Bank of France have finally triumphed in their battle with the currency speculators. It may be that the latter will have another go, but the Bank of France will doubtless ensure that the cost of being short of francs is prohibitive over the weekend. And the central banks certainly seemed to be on a winning streak yesterday. That not only lessens the chance of a cut in German interest rates; if the attack on the franc is repelled, France and Germany may want quickly to cement their victory by establishing a hard currency zone within Europe.

Encouraged by Mr Major's apparent distaste for a speedy return to the ERM, the UK equity market jumped to the conclusion that sterling's position outside such an arrangement left more room for rate cuts. The trend in the currency market suggests otherwise, at least in the medium term. Sterling will be more vulnerable to speculative swings. Monetary policy will have to be rigorous if foreigners are to be convinced to buy gilts. The UK joined the ERM in 1990 partly with the immediate aim of cutting short term interest rates. It is easy to forget that that was preceded by a period in which the government was running a surplus and had no need to fund itself in the bond market.

Vickers

Hard on the heels of British Aerospace, Vickers has demonstrated how easily defence profits can glide silently into the black hole of diversification. And as with BAe, Vickers must struggle to persuade the market that its problems are under control. Despite the robust way in which Vickers has cut costs at Rolls-Royce Motors, sales have fallen faster than overheads, generating a string of trading losses on top of rationalisation charges. Vickers' gearing is rising rapidly and will reach 50 per cent by the year end. It is merger or closure for BAe's regional jets. Distressingly, Rolls cars may go the same way.

The problems at Rolls go well beyond the downturn in the luxury car market, though that is bad enough. Rolls needs heavy investment if it is to take the technology being developed by Mercedes and the Japanese. Vickers simply cannot inject cash on the scale required. Providing capital to update existing models can

FT-SE Index: 2621.2 (-40.7)

United Newspapers

Share price relative to the FT-A All-Share Index

only be a holding exercise. Besides, there is an image problem for a car designed to appeal to a disappearing sense of British status.

It is understandable that much management time is being spent getting the Rolls fire under control. But, disappointingly given the failure to reach an accommodation with BMW, firefighting begins to look like the only strategy on offer. There are some profitable operations in Vickers. Without Rolls the company could make profits of £40m a year. Even the tank business may generate export orders, though the market will be tough. Yet a clutch of businesses, however profitable, do not add up to a company with strategic purpose. Sir Colin Chandler, the new chief executive has yet to show he can provide some.

United Newspapers

When United Newspapers produces a 20 per cent increase in interim profits, the market has to ask itself whether it has been too rigidly putting the company on a multiple below its peers. The answer could be a cautious yes. True, the first half interest charge benefited from lower US rates, over which the company has no control. Newspaper costs may also not remain so favourable. The sterling price of paper will have to reflect the stronger dollar despite the glut. The company is conspicuously silent about the fortunes of the Daily Star, but the remarkable turnaround at the Sunday Express has helped produce a sharp increase in display advertisement revenue, and costs throughout the group have been held in rigorous check. This forms a good springboard from

which to reap the benefits of economic recovery, especially for a company that derives over half its revenues from advertising. There are two caveats, though. First, the bunching of capital spending in the second half of this year makes a further reduction in gearing unlikely. It will only be from next year onwards, when spending returns to more normal levels, that debt will start to drop significantly. Second, last year's dividend cover was only 1.3. The chances are that the payout will grow more slowly than earnings in a recovery.

Wm Morrison

It is surely something to ponder at Westminster that the market capitalisation of a regional UK supermarket company is now twice the size of one of Britain's leading exporters. Comparisons between Wm Morrison and British Aerospace, however, are only of limited curiosity value in the City. The relevant peer group for investors includes the likes of Tesco and Sainsbury, which in share price terms the West Yorkshire-based group has outperformed by 112 per cent and 35 per cent respectively since the start of 1991.

At the current rate of progress it will be only a matter of time before Morrison becomes the fifth food retailer in the Footsie (assuming that is, it does not replace a struggling competitor). The shares are on an ostensibly dizzy earnings multiple - equivalent to the mighty Sainsbury and 20 per cent higher than the market - but fans insist this is down to highly conservative accounting policies. Yesterday's announcement of a 34 per cent increase in interim profits came despite a 43 per cent jump in the depreciation charge. As the modest decrease in operating margins illustrates, though, even Morrison cannot buck the consumer's tendency to trade down; staff costs in the period, moreover, rose faster than turnover.

That said, there is nothing in yesterday's figures to suggest that management is loosening its grip or that the company's low price/good service formula is losing its appeal. There may be reason to worry about the whole sector's expansionism, but Morrison's secret is that it requires just 7 or 8 store openings a year to keep up the pace against the 35 to 50 needed to keep the momentum going at its bigger rivals. The ability to finance them largely out of cash flow is just an additional trick.

Sliding pound saves Walker from bankruptcy

By Peggy Hollinger in London

THE falling pound has saved Mr George Walker from bankruptcy. The former chairman of the UK leisure group Brent Walker yesterday narrowly won the approval of his creditors for an alternative plan to repay a small amount of the £180m (\$308m) he owes.

His escape was achieved thanks to UK insolvency procedures which, in effect, allow creditors one vote for each pound they are owed.

Mr Walker won because some of his debts were in foreign currency, which translated into more pounds after sterling's recent devaluation.

At a meeting in London yesterday, creditors representing £186m of the £180m total debt - just over the 75 per cent required - voted in favour of his alternative to the bankruptcy petition filed by TSB Bank. The vote had been postponed two weeks ago.

Some £30m of the vote in favour was held in foreign currency by offshore trusts associated with Mr Walker and his family. The sterling value of the debt held by these trusts has increased by roughly £1m since the pound began its slide.

Creditors who voted against his voluntary arrangement have one month to appeal. Some appeared to be unhappy yesterday that claims by trusts associated with the Walker family and representing a total of £43.8m had been allowed to vote.

Mr Walker said yesterday he was "highly delighted" with the outcome. "It is an unbelievable majority saying we don't want this man to go bankrupt."

Under the arrangement, Mr Walker has agreed to give creditors half his after-tax income for the next three years, his 1.5m shares in Brent Walker, his stakes in two private companies, two properties and a one-sixth share of an apartment in Switzerland.

Ford and Rolls-Royce cut 2,500 car jobs in Britain

By Kevin Done, John Griffiths and Cathy Milton in London

BITISH carmakers added to the government's economic woes yesterday with the announcement of 2,500 redundancies.

Ford, the leading UK vehicle maker, announced plans to cut 1,487 hourly paid jobs at its British car assembly and engine plants and forecast that its European operations would make a loss for the year, after struggling back into profit in the first half of 1991.

Rolls-Royce Motor Cars, the heavily loss-making luxury car subsidiary of Vickers, the engineering group, is cutting 950 jobs, or nearly a third of the workforce, at its plant at Crewe, Cheshire.

The latest round of redundancies at Rolls-Royce, which should be completed during December, will have reduced its UK workforce by 57 per cent, from 4,850 at the end of 1990 to 2,100.

The Society of Motor Manufact-

urers and Traders said yesterday that 70,000 jobs had been lost in the British motor industry, including vehicle makers, dealers and component suppliers, by spring of this year since the start of the recession.

Yesterday's job cuts "show that our worst fears have been realised", Mr Geoffrey Pelling, SMMT general manager, said last night.

The latest job cuts come as Honda and Toyota, the Japanese carmakers, are poised to open their first European car assembly plants, both located in the UK, and as Nissan is doubling its UK car production capacity to 300,000 a year.

Ford warned that it was planning further action to reduce production and cut jobs throughout its European operations in the

face of weakening demand, not only in the UK but also in Spain, France and Italy.

The company is reducing daily production volumes at its Dagenham and Halewood car assembly plants by 17 and 23 per cent respectively in addition to measures for three and four-day working weeks already announced to run to the end of October.

The Ford cuts are in addition to a reduction of 2,100 in its UK workforce announced in February.

Ford's UK workforce had fallen from a peak of 50,000 in early 1980 to 39,500 by late last year. It is expected to have been cut to less than 34,500 by the end of this year.

The job cuts at Ford and Rolls-Royce Motor Cars follow other big reductions announced recently by Jaguar, Aston Martin and Group Lotus and the loss of more than 500 jobs at AWD, the UK truckmaker which went into receivership in the summer.

Bank of Japan ready to slow yen's rise against dollar

By Charles Leadbeater and Emilio Terazono in Tokyo

THE Bank of Japan is poised to intervene to slow the yen's rise against the dollar, which fell yesterday in Tokyo by ¥3.42 to a post-war low of ¥120.25.

Tokyo traders expect the yen to strengthen further in the next few days as Japanese investors repatriate funds as they search for refuge from the turmoil in European currency markets.

Mr Yasuhiro Mieno, governor of the central bank, said it was ready to take steps to stabilise exchange rates, after the dollar had dipped to ¥119.83.

Mr Rikichi Miyazawa, the prime minister, said there were no plans to prevent the yen's rise.

The yen's strength will fuel speculation that the Bank of Japan will be forced to consider

further cuts in its official discount rate, which was lowered by ½ a point to 3.25 per cent in July. On the stock market, the Nikkei average closed 348.8 higher at

Japan weighs good and bad of rising yenPage 3

18,631 on hopes of lower interest rates.

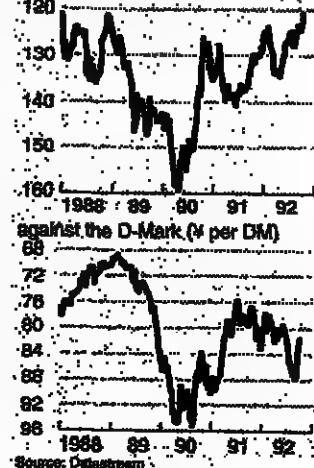
An sustained rise in the yen could hit exports, one of the main sources of growth in Japan's flagging economy.

Mr Soichiro Toyota, president of Toyota, said the yen's appreciation would make the business environment more unstable and hinder economic recovery.

Sony, the consumer electronics company, said that although the rise seemed to be temporary the

Yen

against the Dollar (\$ per ¥)



Source: Reuters

outlook would worsen if the rise was prolonged. Shares in other export-sensitive companies were hit by concerns over exports.

FINANCIAL TIMES
NEWSLETTERS

SOUTHERN AFRICA BUSINESS INTELLIGENCE

FREE launch issue

Changes throughout Southern Africa are creating exciting new business opportunities. To help you assess the rapidly developing situation, the Financial Times has launched a new twice-monthly newsletter, Southern Africa Business Intelligence.

COMPLETE REGIONAL COVERAGE

This newsletter will regularly examine all the important issues. From investment openings and changing buying patterns, to Zimbabwe's economic predicament and South Africa's long-term regional role.

Read SABI for a succinct and clarified presentation of Southern African events and trends. A subscription to SABI will provide you, twice every month, with the background knowledge you need plus analyses of the economy, finance and investment, trade, tourism, transport, energy, mining, and new business and political developments.

THE NEW BUSINESS RESOURCE
SABI brings the insider's view direct to the desk of the business executive or government official. The editorial brief is to provide authoritative and reliable commentary on the business environment in all of Africa south of the equator.

EXCLUSIVE NEWS

The newsletter is written by experienced local and international correspondents who really understand the needs of the worldwide business community. SABI provides up-to-date analysis and on-the-spot news. Exclusive information backed by the resources of the Financial Times to help you maintain a competitive edge.



FREE LAUNCH ISSUE

Please send me the launch issue of Southern Africa Business Intelligence free of charge and completely without obligation. I understand that SABI is only available direct from the Financial Times at the special introductory price of (£373 UK £387/US\$677 elsewhere).

Name _____ Job title _____

Company _____

Address _____

Tel _____

Return to: The Marketing Department (SABI), FT Newsletters, Tower House, Southampton Street, London WC2E 7HA or telephone: 071-240 9391/fax: 071-240 7946

World Weather				World Weather			
City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abuja	24	10	10	Amman	18	10	10
Algiers	24	10	10	Ankara	18	10	10
Amman	18	10	10	Antananarivo	24	10	10
Atlanta	24	10	10	Asmara	24	10	10
Bahia	24	10	10	Batavia	24	10	10
Bangkok	24	10	10	Bombay	24	10	10
Barcelona	24	10	10	Brazzaville	24	10	10
Berlin	24	10	10	Buenos Aires	24	10	10
Bombay	24	10	10	Calcutta	24	10	10
Brazzaville	24	10	10	Cardenas	24	10	10
Buenos Aires	24	10	10	Casablanca	24	10	10
Calcutta	24	10	10	Cebu	24	10	10
Cardenas	24	10	10	Colon	24	10	10
Casablanca	24	10	10	Dakar	24	10	10
Cebu	24	10	10	Damascus	18	10	10
Colon	24	10	10	Dar es Salaam	24	10	10
Dakar	24	10	10	Delhi	24	10	10
Damascus	18	10	10	Doha	24	10	10
Dar es Salaam	24	10	10	Edinburgh	18	10	10
Delhi	24	10	10	Geneva	18	10	10
Doha	24	10	10	Hankow	18	10	10
Edinburgh	18	10	10	Hong Kong	24	10	10
Geneva	18	10	10	Kobe	18	10	10
Hankow	18	10	10	London	18	10	10
Hong Kong	24	10	10	Lyons	18	10	10
Kobe	18	10	10	Madrid	18	10	10
London	18	10	10	Moscow	18	10	10
Lyons	18	10	10	Nairobi	24	10	10
Madrid	18	10	10	Paris	18	10	10
Moscow	18	10	10	Rangoon	24	10	10
Nairobi	24	10	10	Reykjavik	18	10	10
Paris	18	10	10	Rio de Janeiro	24	10	10
Rangoon	24	10	10	Sao Paulo	24	10	10
Reykjavik	18	10	10	Shanghai	24	10	10
Rio de Janeiro	24	10	10	Singapore	24	10	10
Sao Paulo	24	10	10	Taipei	24	10	10
Shanghai	24	10	10	Tokyo	18	10	10
Singapore	24	10	10	Yokohama	18	10	10
Taipei	24	10	10				
Tokyo	18	10	10				
Yokohama	18	10	10				

WIPAC
AUTOMOTIVE PARTS
& ACCESSORIES

FINANCIAL TIMES COMPANIES & MARKETS

Friday September 25 1992

Net Profit through Networking
with
NEWBRIDGE
Building Business Networks
Newbridge Networks Ltd.
0633 413600 071 638 0022

INSIDE Richemont structure benefits investors

A sophisticated investor coming across an industrial group controlled by South Africans, with headquarters in Switzerland, dividends paid from Luxembourg and accounts presented in sterling, might run the other way. But in the case of Richemont, the structure has a clear rationale and has been advantageous to all shareholders. Page 20

Big ambition at DG Bank
Bernd Thiemeann has a modest objective for Deutsche Genossenschaftsbank, the Frankfurt-based bank which he joined as chief executive last summer - he wants it to be a respected member of the German banking community. But the task is difficult, for DG Bank has been a by-word for over-expansion and financial imprudence. Page 18

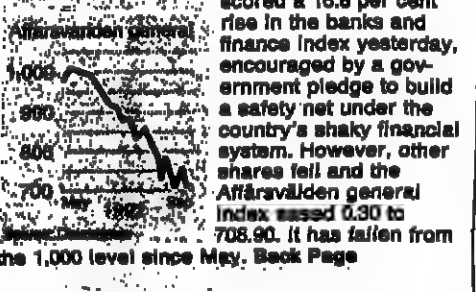
Poor farmers swamped by grain



US President George Bush is to dump 29m tonnes of subsidised wheat on world markets in the coming year. US officials say this is "a crucial tool" in forcing the European Community to the bargaining table in the Uruguay Round of talks on world trade liberalisation. Cynics say the planned sale has more to do with winning votes in the US elections. Page 38

Brierley ahead 18%
Brierley Investments, the New Zealand investment holding company, yesterday reported an 18.6 per cent increase in net profit to NZ\$251.1m (US\$135m) for the year to June 30. Page 19

Stockholm index eases



Market Statistics

Base lending rate	4%	Life equity options	21
Basebank Govt bonds	21	London stock options	21
FT-A indices	38	Managed fund service	48-49
FT world indices	38	Money services	48
FT/STMA int bond ave	21	New int. bond issues	21
Financial futures	48	World commodity prices	38
Foreign exchanges	48	World stock net index	47
London recent issues	21	UK dividends announced	22
London share services	21-41		

Companies in this issue

Allied-Lyons	38	Highcroft Investment	22
Amber Day	22	Hopkinson	22
Anglia TV	24	Isacable	19
Antofagasta	24	Lambert Howarth	24
Appleyard	24	Lorin	23
Atlas Converting	22	Marzotto	18
FT/STMA int bond ave	21	Merion	19
Financial futures	48	More O'Farrell	23
Foreign exchanges	48	Morrison (Wm)	22
London recent issues	21	Murray Venables	22
London share services	21-41	National Westminster	19
		Nedlloyd	19
		Newarhill	22
		Orbicom	22
		PDVSA	19
		Ricardo	22
		Richemont	20
		Royal Bank Scotland	22
		Rutland Trust	22
		S&P	18
		Salpim	18
		Seaford Products	20
		Seares	12
		Sentry Farming	22
		Spring Ram	22
		Sun Microsystems	18
		Swiss Re	18
		TAT	17
		TV-am	24
		Telemetrix	22
		Throgmorton Dual Ltd	22
		Tor Inv Trust	22
		Traveller House	22
		UK Gold	19
		United Newspapers	38, 22
		Vickers	38, 17
		Wang	22
		Westpac	20
		Whitman	24
		Whitcroft	24
		Yule Catto	22

Chief price changes yesterday

FRANKFURT (DM)		LONDON (Pence)	
FT-A	485	FT-A	425
FT-B	225	FT-B	112
FT-C	425	FT-C	129
FT-D	425	FT-D	135
FT-E	440	FT-E	180
FT-F	296	FT-F	78
NEW YORK (\$)		LONDON (Pence)	
FT-A	61	FT-A	112
FT-B	22	FT-B	129
FT-C	22	FT-C	135
FT-D	32	FT-D	180
FT-E	32	FT-E	78
FT-F	40	FT-F	129
NEW YORK (\$)		LONDON (Pence)	
FT-A	61	FT-A	112
FT-B	22	FT-B	129
FT-C	22	FT-C	135
FT-D	32	FT-D	180
FT-E	32	FT-E	78
FT-F	40	FT-F	129

Italian carmaker makes heavy investments at a time of falling demand Fiat falls to L655bn in first half

By Haig Simonian in Milan

FIAT, Italy's biggest private-sector company, yesterday reported a further steep setback in profits with a fall to L655bn (\$20m) pre-tax in the first half of this year from L1,455bn in the same period of 1991.

The decline, on a 2.2 per cent acquisition-driven sales rise to L30,142bn, reflects the group's continuing dilemma of heavy investment and research spending at a time of falling demand

and shrinking profit margins.

The weak earnings performance came in spite of the L260m extraordinary gain from the sale of Fiat's remaining stake in Alcatel Italia.

Excluding the one-off gain, the group's ratio of pre-tax earnings to sales fell to 2.3 per cent from 4.9 per cent at the interim stage last year and 3 per cent for 1991 as a whole.

There has been a sharp swing in Fiat's net financial position over the past 12 months with a

deficit of L2,510bn comparing with a surplus of L431bn. It stems mostly from this year's payment of almost L500bn in dividends and the assumption of heavy additional burdens after the purchase of Ford New Holland by Fiat's construction equipment subsidiary.

The company has pumped around L1,000bn in new working capital into Ford New Holland.

Fiat said it expected to close the year in profit, in spite of the deterioration in earnings. The

core cars business was still breaking even, according to an official.

However, the company revealed the margin on its industrial activities, principally cars, was now down to 0.3 per cent of sales, equivalent to just L78bn.

With Fiat warning of virtual economic stagnation in Italy and the possible impact on consumption of the government's deficit-cutting measures, which will raise taxes and cut benefits, earnings will remain under pressure.

Italy remains Fiat's main market for vehicles, and its share of sales is still falling. In the first half, its market share reached 44.3 per cent, against 47.5 per cent at end-June 1991.

The outlook for the full year is not encouraging. Fiat gave no indication about its plans for the dividend, which was cut by 38 per cent for ordinary shares last year.

Falling further asset sales, the prospect for earnings and the dividend seems poor.

BA buys 49.9% of TAT for £17.25m

By Paul Betts, Aerospace Correspondent

BRITISH Airways is acquiring a 49.9 per cent stake in the French regional airline Transport Aérien Transrégional (TAT) for £17.25m (\$30m) with an option to buy the rest by April 1, 1997.

The investment is part of BA's strategy to create a global airline by buying big stakes in other airlines. BA has already agreed to buy 44 per cent of USAir for \$750m and bought a large minority stake this year in Delta, a German regional airline which has since been renamed Deutsche BA.

Other international carriers including American Airlines, United Airlines and Swissair were understood to have considered acquiring a stake in TAT.

The French regional carrier is based in Tours, and operates a network of French and European destinations including a service between Paris and London's Gatwick airport.

It operates 54 aircraft, carried 5m passengers last year and employs 1,540 people.

BA said yesterday it intended to help TAT develop its route network and strengthen its competitive position as a regional airline in the new European single aviation market.

The BA acquisition is expected to intensify competition between the regional carrier and Air France, which was forced last year by the European Commission to sell its 35 per cent stake in TAT when it took over UTA, the French long-haul carrier, and Air Inter, the French domestic airline.

BA said the acquisition, which includes only the airline activities of the TAT group, would be funded from its cash resources. After making a small pre-tax profit last year, BA said TAT was expected to incur losses this year as it expanded its international routes.

But the UK carrier said it did not expect material dilution in earnings nor material change in the debt-to-capital ratios as a result of the investment.

However, the deal, expected to be completed in January, has to be cleared by the EC competition directorate and the French regulatory authorities.

Although BA's £17.25m investment was relatively small, analysts said TAT had commitments for about 10-15 new aircraft to be delivered between now and the end of next year which could prove more costly.

Analysts may be losing patience with Jean-Yves Habérier's mounting provisions at Crédit Lyonnais, reports Alice Rawsthorn

Perhaps the grandest of the grandiose bank buildings on the Boulevard des Italiens in Paris is number 19 which was built in the 1870s as the headquarters of Crédit Lyonnais, a leading bank in the city of Lyons, then making its first move into the French capital.

French bank's fate hinges on chairman

The Crédit Lyonnais board was not at all sure its excursion into Paris would work. Just in case, it built the new headquarters in the design of a department store, so the building could be converted if the bank beat a retreat back to Lyons. For the past few years the joke running around the other banks on the Boulevard des Italiens has been that number 19 may yet be turned into a department store.



Jean-Yves Habérier dismissive about interim results

Whenever a group of international bankers gathers together the fate of Crédit Lyonnais, one of the biggest of France's state-controlled banks, and of its controversial chairman, Mr Jean-Yves Habérier, is almost always on the agenda. Since he became chairman four years ago, Mr Habérier has pursued a strategy of international expansion and aggressive lending which his fellow bankers say, may make or break Crédit Lyonnais.

Earlier this week Crédit Lyonnais fanned the flames of the debate by announcing a collapse in net profits from FF1.61bn in the first six months of 1991, to just FF119m (\$23m) in the first half of this year. The reason for the fall was a hefty increase in provisions on bad debts and sour investments from FF3.37bn to FF4.25bn over the same period.

Banking analysts, who had been bracing themselves for a slight fall in interim profits to between FF1.3bn and FF1.5bn, were taken completely by surprise. So it seemed was Thomson-CSF, the state-controlled French electronics group which is one of Crédit Lyonnais' largest minority shareholders with a 15.5 per cent stake. Thomson-CSF issued a profits warning immediately after Crédit Lyonnais' results. Its chairman, Mr Alain Gomez, was quick to identify the cause of his company's problems - Crédit Lyonnais.

review for possible downgrade for the second time in a year.

As for the long term, analysts are concerned that Mr Habérier's corporate style may turn out to have been too risky for Crédit Lyonnais. "This is a bank that

has pursued a high-risk strategy and, if all goes well, in five years' time we could all be saying 'Wow!'" said Ms Garrard of Shearson Lehmann. "A year ago I still thought that might happen. Now I'm not so sure."

The company, which is attempting to impose price increases for its products during the fourth quarter this year, said the aim of the D-Mark move was not to make extra money.

"We also need to act out of fairness to our customers in markets with strong currencies and avoid price differentials brought about by currency fluctuations," said Mr Kaufmann. "The benefits of devaluations wear off quickly," he added.

He admitted the company was taking a risk that competitors would not follow its example, and would use lower prices to gain market share. The group had not taken the decision lightly, he added. The move is effective from yesterday.

All Crédit Lyonnais will say about the interim provisions is that they come from three sources: losses on loans to small businesses in France and on French property investments; failed film investments (including MGM, the stricken Hollywood studio) made by its Dutch subsidiary; and from bad debts to international enterprises, including Olympia & York.

"How can we be expected to come to a sensible assessment when Crédit Lyonnais won't tell us what provisions it has already made and how much is left?" said Ms Sheila Garrard, banking analyst at Shearson Lehmann in London.

Most analysts are now much more sceptical about Crédit Lyonnais' prospects for the full financial year. "It's impossible to say how much it'll make but it certainly won't be anywhere near our original forecast of FF3.5bn," said Morgan Stanley's Mr Brown.

In the meantime Moody's, the international credit rating agency, has put Crédit Lyonnais' long-term debt rating under

review for possible downgrade for the second time in a year.

As for the long term, analysts are concerned that Mr Habérier's corporate style may turn out to have been too risky for Crédit Lyonnais. "This is a bank that

Vickers blames Rolls-Royce Motors for cut in dividend

By Andrew Bolger in London

VICKERS, the UK engineering group, blamed continuing losses at its Rolls-Royce Motor Cars subsidiary when it yesterday cut its interim dividend from 3.7p to 0.5p. The group incurred a pre-tax loss of £4.1m in the six months to June 30, compared with a £4.3m loss last time, although turnover increased from £330.3m to £349.3m (£57.3m).

Vickers, which cut last year's final dividend, said the latest reduction reflected the losses at Rolls-Royce Motors, and consequent restructuring costs. The 950 job cuts at Crewe announced yesterday will be taken as a £12m exceptional charge in the second half, but the first half also included an exceptional restructuring and redundancy charge of

£1.7m, half incurred at Crewe.

Sir Richard Lloyd, chairman, said: "Prospects for the year are uncertain and it is therefore prudent to conserve cash and ensure our ability to support our defence, aerospace, marine engineering and medical businesses, and Cosworth, all of which are trading satisfactorily."

Sir Richard said the board intended to adopt a policy of continued dividend growth, albeit from a lower level, reflecting the sustainable long-term earnings growth when trading improved.

Sir Colin Chandler, chief executive, said the performance of the aerospace business, comprising Ross Catherall and Vickers Precision Components, had been encouraging. Cosworth, which makes high-performance engines, was hit by cuts at its principal customer, Ford, but its racing

operations were successful.

The marine engineering division encountered sluggish demand and strong competition, but had won valuable orders.

The group's medical equipment business, which experienced a record year in 1991, suffered from lower demand in the US and uncertainty in Europe.

Vickers is continuing the development and manufacturing phase of the new Challenger 2 battle tank programme, for which it last year won a £53m order from the British government.

Losses per share were 1.8p, compared with 2.6p last time. Gearing was 33 per cent at June 30, but is likely to rise to about 50 per cent by the year-end, because of the cash drain from Rolls-Royce Motors.

Lex, Page 16; Market report, Page 35



Some ideas were never meant to fly.

But the Toshiba GTO Thyristor was meant to run. And run it does on many European railways.

The GTO Thyristor is a small, lightweight silicon wafer that has the huge task of converting energy efficiently - which it does - on the TGV, the ICE and even the Transmanche super trains.

It is just one way Toshiba semiconductor technology is helping people keep their ideas on the right track. And not just as a flight of fancy.

In Touch with Tomorrow
TOSHIBA

INTERNATIONAL COMPANIES AND FINANCE

Barings cuts securities side jobs to stem losses

By Robert Peston in London

BARINGS, the privately-controlled UK merchant banking group, yesterday shed 108 employees at its securities trading subsidiary, Baring Securities, in an attempt to stem heavy losses. It also reorganised the senior management of Baring Securities, which made losses of between £10m (£17m) and £20m in the six months to June 30, according to Mr Andrew Tuckey, Barings' deputy chairman. An executive in Barings' merchant banking operations, Mr Peter Norris, is becoming chief operating officer of Baring Securities.

The losses were responsible for a fall in Barings' group pre-tax profits from £24.3m to £11.6m in the six months to June 30. Mr Tuckey said he was particularly pleased with the way in which the group was working with Dillon Read, the Wall Street investment bank in which Barings acquired a 40 per cent interest late last year.

Barings Securities, set up in 1984, was for many years one of the UK's most profitable international securities trading firms, winning a Queen's Award for Exports. Its founder, Mr Christopher Heath, became one of the UK's highest-paid executives.

Mr Tuckey said Baring Securities, with 1,200 employees, had become too big for Mr Heath to have sole responsibility for day-to-day management. So Mr Heath is giving up his title of managing director to become chairman of Baring Securities, concentrating on developing new business and seeing clients.

The losses fell in Baring Securities' Japanese and continental European operations. However, extensive operations in other parts of south-east Asia and Latin America are trading profitably.

More than half the redundancies are in the London headquarters. There were also 15 departures from the Tokyo office and 13 from the Frankfurt office, which is being closed.

Barings is reorganising its European operations to concentrate more heavily on southern European markets, where it believes its research is superior to that of its rivals. Profits of Barings' corporate finance, banking and capital markets operations were almost unchanged in the first half of the year. However there was a fall in profits at its fund management subsidiary.

Sun Micro in lawsuit funding controversy

By Louise Kehoe in San Francisco

SUN Microsystems, the US workstation group, is alleged to have been "covertly funding" an anti-trust lawsuit against the Open Software Foundation, an industry group whose members include International Business Machines, Digital Equipment and Hewlett-Packard.

The lawsuit, filed in April 1991 by Addamax, a small Illinois software company, alleges the industry group acted as an "illegal cartel". OSF had previously rejected Addamax's submission of security software for inclusion as a component of its OS/2 computer operating system. This system is designed to establish an "industry standard" version of Unix, the widely used AT&T operating system.

Sun Microsystems confirmed it had "provided financial assistance to Addamax in the form of a loan guarantee to help fund expenses associated with the lawsuit". According to OSF, Sun has provided Addamax with a \$7.5m loan guarantee.

OSF said: "This lawsuit was not the simple effort of a small, independent software vendor. Rather, Sun has been involved from the outset, and only by recent court order, which was opposed by Addamax, was Sun's financial backing of the suit revealed."

Sun said, however, that it had agreed to help Addamax because the company was a Sun supplier and "appears to be raising serious issues of importance to the industry".

The public disclosure of Sun's involvement in the anti-trust suit revives tensions between OSF and its rival, Unix International, in the open systems software arena.

Sun is a founding member of Unix International, along with AT&T. OSF was formed because of concerns that Sun and AT&T, who had agreed to work together to produce a standard version of the Unix operating system, might design the software to give Sun a competitive advantage.

Clean-up campaign at DG Bank

David Waller on the tough task faced by the German institution

MR Bernd Thiemann has, on the face of it, a modest objective at the Deutsche Genossenschaftsbank (DG Bank), the Frankfurt-based institution he joined as chief executive last summer. He wants the bank again to be a respected and uncontroversial member of the German banking community.

But, as Mr Thiemann readily admits, the task is difficult. For, by the time he took over, DG Bank had become a byword for over-expansion and financial imprudence. Through its role in a cross-border imbroglio involving DM60m of government bonds, it had succeeded in blighting Frankfurt's reputation as a European financial centre.

The bank, the six-largest in Germany on balance sheet, announced last month it expected to break even for 1992 - a step towards normality following big difficulties last year. It also received support for its second substantial cash injection from shareholders within a year, taking the total raised since Mr Thiemann's arrival to DM3.2bn.

The DG Bank occupies a special role within the German financial system. It is the central bank for the country's network of more than 3,000 co-operative banks, also DG Bank's principal shareholders. If the assets in the organisation's 20,000-plus branch offices were added together, they would amount to some DM919bn, bigger than those of Germany's top three banks put together.

DG Bank's problems date

back to the 1980s. Then, it set out to become a universal bank, providing a full range of banking services for the co-operatives, entering the equities and government bond markets in its own right, and building up a network of 13 overseas offices. It also tried to buy up the five regional co-operative central banks, which alienated the co-operative movement.

This era came to an inglorious end in early 1990 when it emerged that the bank's chief bond trader had entered a verbal agreement to buy back DM60m of German government bonds sold to nine French banks as part of repurchase agreements.

When the price of bonds fell, the DG Bank refused to buy them back, arguing that the head trader - subsequently dismissed - had exceeded his authority. Four other traders were arrested following a criminal investigation. They are still in prison.

The affair became an international incident, with the French Finance Ministry protesting to Germany's banking authorities about DG Bank's refusal to pay. It embarrassed the Frankfurt financial community, foreshadowing the insider dealing scandals of the following summer in that it raised questions about the lack of regulation in German financial markets and lack of controls at one of Germany's larger banks.

DG Bank had to take the bonds back on to its books in March of 1990 and, in November last year, it gave up all its

legal claims against the French counterparties. Meanwhile, Mr Thiemann replaced Mr Helmut Guthardt as the bank's chief executive.



Bernd Thiemann: 'Shadows of the past are shortening'

"I knew full well that it was a 'clean-up' commitment when I took the job," said Mr Thiemann, who joined after 10 years as chief executive of Norddeutsche Landesbank, one of Germany's larger public sector banks. "There was a gigantic hole in the balance sheet and it was clear that the bank faced at least 25 major business problems," he said.

The balance sheet hole was plugged by a DM1.4bn capital-raising exercise last autumn and, one by one, the litany of business problems is being dealt with. The bank is care-

fully unwinding what Mr Thiemann calls a "misaligned position of grandiose proportions" between assets and liabilities.

With the help of the Boston Consulting Group, new computer systems and financial controls are being put in place. The scale of provisioning against problem country loans is being bolstered.

The bank's personnel is to be cut by 800 from the current 5,500, and, in June, the bank announced the closure or sale of six businesses as part of a general restructuring of its overseas activities.

Mr Thiemann is confident that the shadows of the past are shortening. He draws a distinction between the two capital-raising measures of the last 12 months. "The first one last autumn dealt with the past," he argues, while "the second prepares us for the future".

This summer's DM1.5bn will strengthen the balance sheet and allow the bank to meet tough new capital adequacy requirements, which take effect next year.

The next step on the road to normality will be a marketing offensive designed to intensify the ties between DG Bank and the co-operative banks, its natural customer base.

But Mr Thiemann admits that it will be a long haul. DG Bank will signal its return to full normality only when it pays its shareholders a dividend, and that is not likely to happen for another four years.

Marzotto reports first-half tumble

By Haig Simonian

MARZOTTO, Italy's biggest clothing group which last year bought control of Germany's Hugo Boss, reported a steep decline in consolidated net profits after minority interests to £9.3m (£7.2m) in the first half of this year from £30.3bn last year.

The decline was most marked at parent company level, where operating earnings fell by 35 per cent to £2.7bn. After a £52.9bn write down on its Hugo Boss stake, the parent company reported a £31.2bn six-month loss.

However, the group forecast full-year earnings should be in

line with the net £39.8bn made in 1991, in spite of the growing recession in Italy and the slowdown in many foreign markets.

The group expected sales to reach around £9,000bn this year, confirming its position as one of Europe's leading textile and clothing manufacturers. Meanwhile, net group debt should fall, on an adjusted basis, through the continuing policy of using cash flow to reduce borrowings.

The drop in earnings comes in spite of the first-time contribution from Hugo Boss, which pushed Marzotto's group sales up by 43 per cent to £951.5bn in the six months. The bulk of the surge in turnover came on

the clothing side, where the inclusion of Boss spurred a 118.3 per cent rise to £584.8bn.

Buying Boss also sharply reduced the group's dependence on the Italian market, with the majority of sales coming from outside Italy. While domestic turnover fell by 6.4 per cent to £437.1bn, foreign sales jumped by 183.2 per cent to £514.7bn.

Marzotto minimised the impact of profits fall by noting that earnings in the first half of 1991 had been boosted by £9.8bn in extraordinary items. By contrast, non-recurring items had caused a £800,000m loss in the first half of this year.

Danieli slightly ahead at L45bn

By Haig Simonian

DANIELI, the Italian heavy engineering group which specialises in mini-mills for the steel industry, raised net group profits to £45bn (£36m) in the year to June 30, from £44bn in 1990-1991.

In spite of the slight profits rise, the company said difficult market conditions required a reduction in the dividend to

L180 for ordinary shares and £200 for savings stock from £220 and £240 respectively. The company explained that the move was necessary to build up resources.

Turnover, affected by the worldwide crisis in the steel industry, fell by 1.7 per cent to £759bn from £772bn in 1990-1991. The latest reduction in sales and earnings continues a difficult period for the group,

which has seen earnings slide for the second year running after reaching £61.5bn in 1989-1990.

Danieli gave no indications about the current state of its business, beyond saying that new orders were in line with expectations. In January, it won a £700bn deal from Iran to modernise the country's biggest steel plant.

MONEY MANAGEMENT
A FINANCIAL TIMES MAGAZINE

The monthly financial "bible" for all financial professionals.

Use Money Management to your advantage.

Available every month at newsagents in financial districts and mainline stations

£3.75



THE LEEDS BUILDING SOCIETY
(Incorporated in England under the Building Societies Act 1986)
Issue of up to an aggregate of £200,000,000

Subordinated Variable Rate Notes with a maturity of 12 years

Notice is hereby given that for the three months interest period from September 23, 1992 to December 23, 1992 (91 days) the Subordinated Notes will carry an interest rate of 9.8875%. The interest payable on December 23, 1992 for the Subordinated Notes will be £245.84.

By: The Chase Manhattan Bank, N.A., London, Principal Paying Agent
September 25, 1992



Appointments Advertising appears every Wednesday & Thursday

Friday (International edition only)

US \$300,000,000
L'Auxiliaire du Crédit Foncier de France
Subordinated Guaranteed Floating Rate Notes due 2002

For the period from September 25, 1992 to March 23, 1993 the Notes will carry an interest rate of 9.8875% per annum, with an interest payment of US \$125.00 per US \$100,000 of face value.

The relevant interest payment date will be March 23, 1993.
Agent Bank: Banque Paribas Luxembourg Société Anonyme

Sumitomo Trust & Banking Co., Ltd.

Financial Results as of 31st March 1992

	Millions of Yen Year ended 31st March 1992	Millions of Yen Year ended 31st March 1991
Income before Income Taxes	¥56,896	¥91,740
Net Income	30,495	52,041
Total Assets in Banking Accounts	17,239,667	17,649,686
Total Assets in Trust Accounts	31,758,191	31,803,785
Dividend	¥8.50 per share	¥8.50 per share

The Annual Report for the year ended 31st March 1992 is available upon request.
Please direct enquiries to the address below.

The Public Relations Dept.
The Sumitomo Trust & Banking Co., Ltd
London Branch
155 Bishopsgate, London EC2M 3XU
Telephone: 071-945-7000 Fax: 071-945-7177/8

GLOBAL GOVERNMENT PLUS FUND LIMITED (GGF)

Global Government Plus Fund Limited announced today that, due to a clerical error, the number of common shares reportedly tendered under the recent Tender Offer which expired on August 27, 1992 was incorrect. By a Press Release dated September 11, 1992, the Company announced that 569,856 shares were tendered pursuant to the Tender Offer representing 14.98% of the outstanding shares whereas the number of shares actually tendered was 300,655 representing 7.90% of its outstanding common shares.

SANWA AUSTRALIA LEASING LIMITED
SANWA AUSTRALIA FINANCE LIMITED

A\$100,000,000
Guaranteed Floating Rate Notes Due 1993

In accordance with the conditions of the notes, notice is hereby given that for the three-month period 22nd September 1992 to 22nd December 1992 (91 days) the notes will carry an interest rate of 5.6325% p.a. Relevant interest payments will be as follows:

Notes of A\$100,000 A\$1,404.27 per coupon.
THE SANWA BANK LIMITED Agent Bank



AECI Limited

(Reg. No. 0422283008)
(Incorporated in the Republic of South Africa)

Notice to Preference Shareholders
Dividend No 109

Notice is hereby given that on 3 September 1992 the Directors of AECI Limited declared a dividend at the rate of 5.5 per cent per annum for the six months ending 15 December 1992 payable on that date to holders of preference shares registered in the books of the Company at the close of business on 16 October 1992.

The dividend is declared in United Kingdom currency and cheques in payment will be posted from the office of the transfer secretaries in South Africa and the United Kingdom on 14 December 1992.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 9 November 1992.

In respect of shareholders whose addresses in the share register are outside the Republic of South Africa, the dividend is subject to the deduction of non-resident shareholders' tax in terms of South African law.

Dividends payable from the United Kingdom office will be subject to such tax deductions as are prescribed by United Kingdom legislation unless a certificate exempting the shareholder concerned from such tax deduction is received before the closing of the registers.

Any change of address or dividend instruction must be received before the closing of the registers.

The transfer books and registers of members in Johannesburg and United Kingdom will be closed from 17 October 1992 to 30 October 1992, both days inclusive.

By order of the Board
M J F POTGIETER
Secretary

Carlton Centre
Johannesburg
25 September 1992

Transfer secretaries:
Consolidated Share Registrars Limited
40 Commissioner Street, Johannesburg, and

Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent SE3 4TU
England

INTERNATIONAL COMPANIES AND FINANCE

Saipem stages first-half profit recovery to L6.2bn

By Hag Simonian in Milan

SAIPEM, the listed engineering and pipe-laying subsidiary of Italy's state-owned Eni energy and chemicals group, has staged a turnaround in the first half. Net earnings were L2.2bn (€4.5m) after minority interests, against losses of L1.5bn in the same period last year.

The improvement marked a gradual recovery from the crisis in the world's offshore and plant building industry which started in the mid-1980s, said Mr Giovanni dell'Orto, chairman.

He predicted Saipem would remain in profit at the end of the year, but indicated it was too soon for dividend payments to be resumed. "In the first phase, profits should be used

to cover past losses", he said.

Saipem's sales have risen almost 22 per cent to L55bn in the six months to July. New orders, particularly for offshore rigs, have also surged, with the total reaching L1,760bn by end-June, against L3,080bn at the same time last year.

By end-September, Saipem's order backlog reached a record L3,050bn, boosted by the recent contract to develop the South Pars field in Iran, worth almost L1,000bn to the company.

Group debt, which remained stable at around L2,070bn at mid-year compared with last December, had fallen to around L1,650bn by the end of last month.

● Italcable, the listed international telecommunications

company which is part of

Italy's STET state-owned holding company, raised profits before tax and extraordinary items by 5.3 per cent to L143.6bn in the first half of this year, from L136.3bn in the same period in 1991.

The increase comes in spite of continuing cuts in tariffs for international calls - Italy's are among Europe's highest. While call traffic jumped by around 25 per cent, group sales rose by just 6.2 per cent to L362bn in the first half from L341bn.

● Merloni, the Italian white goods group which manufactures under the Ariston, Indesit and Scholtes names, raised interim pre-tax profits by almost 37 per cent to L7bn from L5.1bn in the first half.

Brierley Investments up 18.6% to NZ\$251m

By Terry Hall in Wellington

BRIERLEY Investments, the New Zealand investment holding company, reported an 18.6 per cent increase in net profit to NZ\$251.1m (US\$138.3m) for the year to June 30, compared with NZ\$211.7m last year.

Mr Paul Collins, chief executive, forecast the company would show a similar improvement in the current year and would be helped by improving fortunes from its main investment, UK hotel group Mount Charlotte.

Directors said the latest advance was largely due to a substantial rise in operating earnings in New Zealand and lower interest and overhead costs. Interest charges fell 44 per cent to NZ\$17.1m (NZ\$308m) due to lower debt levels and interest rates.

But the directors pointed out that good results from Air New Zealand and Carter Holt Harvey were offset by losses from Ariadne Australia and Magnum. The figures included write-offs of NZ\$72m for Magnum, NZ\$44m for Ariadne Australia, and NZ\$30m for New Zealand properties that are to be sold.

Operating profit before tax and minorities rose 17 per cent to NZ\$34.1m (NZ\$308.7m). New Zealand-controlled companies produced a combined profit of NZ\$73m (all last year), and directors expect another strong contribution this year.

Mount Charlotte made a loss of NZ\$6m, against a profit of NZ\$75m last year. The UK contribution was NZ\$321.1m (NZ\$452.5m) on the sale of UK motor group Tozer Kemsley and Millbourn.

A NZ\$33.4m loss was incurred in Australia after the decision to write off the NZ\$44m investment in Ariadne. Investments in W D and H O Wills and the 98 per cent shareholding in Australian Consolidated Investments did not produce revenue.

Directors are proposing a final dividend of 5 cents a share, making an unchanged 9 cents for the year.

Wang warns that restated results may lead to loss

By Louise Kehoe in San Francisco

WANG Laboratories, the US computer group, is to restate its financial results for the fiscal year that ended on June 30 to reflect additional restructuring charges resulting from its bankruptcy filing.

The charges could be "substantial and result in a sizeable loss for the prior fiscal year," Wang said.

In August, Wang filed for protection from creditors under Chapter 11 of the US bankruptcy code.

Yesterday, in a letter to customers, Mr Richard Miller,

chairman and chief executive, said that since the bankruptcy filing cash-flows had been satisfactory.

The company's cash balances were steadily building and exceeding the company's forecast, he added.

"We are continuing to talk with lenders about financing, but our strong cash balances have enabled us so far to finance our needs internally," Mr Miller said.

Most of Wang's suppliers are extending credit to the company, he added.

By the end of this month Wang will have reduced its workforce to about 11,000 from

13,000. Mr Miller said. Most of the reductions to date have been in the US. Some job cuts have been delayed to comply with local employment regulations, Wang said.

However, the company plans further reductions of about 3,000 worldwide.

"As our business stabilises after the shock of the Chapter 11 filing, we will complete our business plan which will become the basis for our plan of reorganisation," Mr Miller said.

"It is still too early to know how long that process will take", he added.

Crédit Agricole optimistic on growth

By Alice Rawsthorn in Paris

CREDIT Agricole, one of France's largest banks, expects net profits growth of between 4 per cent and 6 per cent this year, despite the competitive state of the French financial markets.

The announcement lightened the mood of the French banking industry, which has been clouded by concern about the impact of the economic slowdown on its exposure to small businesses and the property sector.

Crédit Lyonnais, another leading French bank, recently disclosed a sharp fall in profits for the first half of 1992 following a steep increase in client risk provisions.

Crédit Agricole, which has expanded rapidly from its roots as a co-operative of banks for French farmers to become Europe's biggest single bank, according to The Banker magazine, made net profits of FF4.9bn on net banking income of FF47.5bn in 1991.

Mr Philippe Jaffré, chairman, said the bank would be forced to raise provisions this year, probably by FF1bn or FF2bn on last year's total of FF14bn.

The bank does not disclose figures for its performance in the first half of the year. However, it announced yesterday that gross operating profits had risen by 19 per cent on the preceding interim period.

Crédit Agricole anticipates continued growth in gross operating profits at a similar rate of between 19 per cent and 20 per cent for the full financial year. Similarly, net banking income is expected to show growth of 8 per cent, with the increase in costs restricted to 5 per cent below last year's level.

● Société Générale, another leading French bank, yesterday announced a rationalisation plan to cut staffing levels in its domestic retail banking network by 2.5 per cent over the next three years. This will involve shedding 1,900 of the bank's 23,000 staff.

Cox backs new satellite channel

By Raymond Snoddy

COX Enterprises, the Atlanta-based media group, is to underwrite the £35m (€59.85m) funding requirements of UK Gold, a new satellite channel featuring programmes from the BBC and Thames Television.

It is the first investment in the UK market for the privately-owned Cox, one of the largest US communications groups with annual revenues of

£2.2bn.

Together with other investors, Cox, the sixth-largest cable television operator in the US, will also take a 65 per cent stake in the venture.

Thames will have a 16 per cent stake and BBC Enterprises, the commercial arm of the BBC, 20 per cent.

The new advertising-financed channel, which will be aimed entirely at the UK market, is likely to be launched in mid-November.

It will broadcast for around

16 hours a day from the Astra satellite system to both satellite dishes and cable networks. The entertainment-only channel will draw heavily on the programme libraries of both the BBC and Thames.

Mr Derek Lewis, former chief executive of the Granada group who is leading the UK Gold launch, said he was delighted that Cox had underwritten the financing and would be a key partner in UK Gold.

Venezuelan oil group cuts investment

By Joseph Mann in Caracas

PETROLEROS de Venezuela, Venezuela's national oil company, has sharply reduced its capital investment programme, according to company executives.

The company is to make direct investments of \$20bn during 1993-95, a cut of around \$6bn compared with previous forecasts made only last year. Weak international oil prices and high taxes on operating profits have forced the company to make the cut.

PDVSA, which had gross revenues of \$22.3bn last year, is concentrating most of its capital outlays on core activities -

exploration, crude oil production and refining. Other projects will be stretched out or shelved.

The company also hopes to attract further outside investment for oil, petrochemicals and coal projects.

The 1993-95 investment programme includes \$13bn on maintaining crude oil production capacity, and a further \$1.4bn to take it beyond its present 2.8m barrels per day, and \$2.6bn on upgrading domestic refineries.

Since most of Venezuela's oil wells have been producing for many years, heavy investment is required to reverse an annual average decline of 22

per cent in output from old oil

fields. PDVSA, which has the highest level of debt in its 18-year history, estimated at more than \$3bn - will still need to borrow on international capital markets in 1993-94 to help finance its investments, company executives said. Officials also warned that unless the company's tax burden were reduced over the next several years, it will not be able to make the investments required - especially in maintaining oil production capacity - to keep the business afloat. The company pays taxes equivalent to 82 per cent or more of operating profits.

Hagen wins seat on Nedlloyd board

By Ronald van de Krol in Amsterdam

MR TORSTEN Hagen, the Norwegian investor, yesterday won his long battle to win a seat on the supervisory board of Nedlloyd, the Dutch transport group, after an Amsterdam court rejected objections to the appointment that were lodged by the company's works council.

The court ruling caps a long and determined effort by Mr Hagen, who owns about 35 per cent of Nedlloyd's shares, to get a board seat and help oversee the company's return to

sustained profitability.

In 1988, and again in 1991, Mr Hagen attempted to gain influence at Nedlloyd but was rebuffed each time by the management board.

The board argued that it was counter to Dutch corporate practice to nominate significant shareholders to the supervisory board, a body that is required by law to look after the interests of all "stakeholders" and not just shareholders.

The management board reversed its position in early 1992 and nominated Mr Hagen to the supervisory board.

However, the move was

opposed by the works council, which charged that management was hoping to buy off Mr Hagen and neutralise his criticism of company policy.

Yesterday's court ruling breaks the deadlock and clears the way for Mr Hagen to join the board.

"We cannot do anything else but accept this decision," the works council said. Mr Hagen's clashes with Nedlloyd in the past were central to the continuing debate in the Netherlands about the subordinate role of shareholders in Dutch corporate governance.

Bramalea nears debt agreement

By Robert Gibbons in Montreal

BRAMALEA, the property group controlled by Toronto's Edper-Bronfman group, has negotiated an agreement that may smooth the way to restructuring the company's C\$50m (US\$40.6m) debt.

Lawyers representing holders of C\$625m of secured debentures said they will recommend an exchange into Bramalea stock and new five-year secured debentures.

The debenture holders, if they finally approve, would receive slightly more than 60 per cent of Bramalea's equity.

Hungary is seen as top choice for expansion

By Andrew Jack

HUNGARY is the most popular east European location for the expansion of medium-sized companies, a study by Deloitte Touche Tohmatsu, the accountancy and consultancy firm, has shown.

One-third of a sample of nearly 400 companies from 20 developed countries said Hungary was their first choice in the region. The next most popular countries were Czechoslovakia, Poland and Russia.

The vast majority - 71 per cent - said the main reason for interest in the east

was market opportunity.

But the survey showed many businesses were hindered in their attempts to invest in the east. One-third said investment was too risky, while a significant minority were troubled by the unsuitability of the political and social environment.

Deloitte Touche said the study showed prospects for increased trade were encouraging, given the need for good information and funding mechanisms.

● Why Companies Go International. Deloitte & Touche, 385 Rue Royale, 1210 Brussels, Belgium.

De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)

Registration No. 1/10007/06

NOTICE TO HOLDERS OF LINKED DEFERRED SHARE WARRANTS TO BEARER - PAYMENT OF COUPON NO. 98

- Coupon No. 98
- Date of payment: On or after 4 November 1992
- Amount: 20 cents per share (South African currency)
- South African Non-Resident Shareholders (See ISW9077): 10.97% or 3.07412 cents per share
- UK Income tax (where applicable): 14.001% or 3.85588 cents per share
- UK currency equivalents on 21 September 1992: Gross: 5.78049p per share BNPFI: 5.32944p per share UK Tax: 0.80759p per share Net: 4.52085p per share

- Payable at:

Swiss Bank Corporation 1 Aeschenwaldstrasse 4002 Basel	Crédit Suisse Paradeplatz 8 8021 Zurich	Union Bank of Switzerland Bahnhofstrasse 45 8021 Zurich
Barque Bruxelles Lambert 24 Avenue Marnix 1050 Brussels	Général de Banque 3 Montigny St. Pierre 1000 Brussels	Barclays Bank SA 21 rue Laifosse 75228 Paris
Barque Internationale à Luxembourg S.A. Immeuble L'Indépendance 69 Rue d'Esch L-1953 Luxembourg	Barclays Bank PLC Bank Exchange Services Department 158 Fenchurch Street London EC3P 3AP	

- Coupons paid by any of the continental paying agents under 7 above will be payable in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent. Instructions regarding disposal of the payment proceeds can be given only to such authorised dealer by the paying agent concerned.
- Coupons paid by Barclays Bank PLC will, unless payment in South African currency is requested, be in sterling equivalent shown in 5 above in respect of coupons lodged up to 20 October 1992 and thereafter at the rate of exchange on the day the proceeds are realised.

For and on behalf of

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London EC1P 1AJ
G A WilkinsonDe Beers
De Beers Consolidated Mines LimitedLondon Office:
40 Holborn Viaduct
London EC1P 1AJ
24 September 1992

Notice of Redemption to the Holders of

LEO 1 PLC

Class A1, Class A2 and Class B
Mortgage Backed Floating Rate Notes Due 2035

NOTICE IS HEREBY GIVEN that, pursuant to Condition 5(C) of each class of Notes, the Issuer has determined the following mandatory redemption details:

Class A1
Principal Payment per Note : £2,500
Principal Amount Outstanding : £80,925,000
Pool Factor : 0.975
Interest Payment Date : October 1, 1992

There will be no redemptions in respect of Class A2 and

Class B Notes.

LEO 1 PLC
Date: September 25, 1992

NATIONAL BANK OF CANADA

(A chartered bank governed by the Bank Act of Canada)

US\$ 150,000,000

Floating Rate Debentures, Series 7, due 1998

In accordance with the Description of the Series 7 Debentures, notice is hereby given that for the six month interest period from September 23, 1992 to March 23, 1993 the Series 7 Debentures will carry an interest rate of 5 1/4% per annum.

The Coupon Amount payable on the Series 7 Debentures of US\$ 25,000 will be US\$ 699.90

The Reference Agent
Kreditbank
Luxembourg

These securities have not been registered under the Securities Act of 1933 and may not at any time be offered or sold in the United States, or to a U.S. person absent registration or on applicable exemption from the registration requirements of such Act. These securities having been previously sold, this announcement appears as a matter of record only.



AEROVIAS DE MEXICO, S.A. de C.V.

Euro-Commercial Paper Program
U.S. \$125,000,000InverWorld®
InverWorld Securities, Inc.

InverWorld, Ltd.

Lazard Frères & Co.

Citicorp Investment Bank Limited

Kidder, Peabody International Limited

Multibanco Comermex S.A. London

Nomura International

LTCB International Limited

September 23, 1992

Centenary Depository AG

(Incorporated under the laws of Switzerland)

("The Depository")

NOTICE TO HOLDERS OF BEARER CENTENARY DEPOSITORY RECEIPTS - PAYMENT OF COUPON NO. 5

Dividend distribution No. 5 by Centenary Depository AG will be effected as follows:

- Coupon No. 5
- Date of payment: On or after 4 November 1992
- Amount: 15 US cents per depository receipt
- Currency equivalents on 21 September 1992:

US cents	UK currency
15.0	£ 787.34
Less: UK income tax (where applicable)	2.18884
Net to UK Centenary depository receipt holder	£ 568.45

- Payable at:

Swiss Bank Corporation 1 Aeschenwaldstrasse 4002 Basel	Crédit Suisse Paradeplatz 8 8021 Zurich	Union Bank of Switzerland Bahnhofstrasse 45 8021 Zurich
Barque Bruxelles Lambert 24 Avenue Marnix 1050 Brussels	Général de Banque 3 Montigny St. Pierre 1000 Brussels	Barclays Bank SA 21 rue Laifosse 75228 Paris
Barque Internationale à Luxembourg S.A. Immeuble L'Indépendance 69 Rue d'Esch L-1953 Luxembourg	Barclays Bank PLC Bank Exchange Services Department 158 Fenchurch Street London EC3P 3AP	

- Coupons presented to any of the Swiss paying agents referred to under 5 above will be paid in US dollars. Coupons presented to the other paying agents will, unless payment is requested in US dollars (in which case they must comply with any applicable exchange control regulations) be paid in Pounds Sterling. Coupons lodged for payment up to 20 October 1992 will be in the sterling equivalent shown in 4 above and thereafter at the rate of exchange on the day the proceeds are realised.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London EC1P 1AJ
G A WilkinsonOffice of the London Agent:
40 Holborn Viaduct London EC1P 1AJ
24 September 1992

INTERNATIONAL SPECIALITY FUND

10a Boulevard Royal - Luxembourg

NOTICE OF DIVIDEND PAYMENT

The General Meeting of Shareholders of INTERNATIONAL SPECIALITY FUND has decided to pay a dividend of USD 0.10 per share for the financial year ending 31st May, 1992 to each share held on the 18th September, 1992, the shares being quoted ex-dividend on 21st September, 1992.

This payment will be made on and after the 28th September, 1992 against delivery of coupon No 5 to Banque Paribas Luxembourg, 10A Boulevard Royal, Luxembourg.

Dividend cheques will be sent to registered shareholders. Dividends not claimed within 5 years of the predicted date will lapse and revert to the Fund.

Luxembourg, 18th September 1992

INTERNATIONAL SPECIALITY FUND
P. Chelios
Secretary GeneralNO FP.....NO POSITION
A Futures Pager transmits 2 minute updates on currencies, indices, interest rates and futures 24 hours a day across the UK. Call 071-895 9400 now for your free trial.

FUTURES PAGER

FT-SE 100
Where next?
Call for our current viewsCAI Futures Ltd
162 Queen
Victoria Street
London EC4V 4BS
Tel: 071-329 3030
Fax: 071-329 3918

COMPANY NEWS: UK

Slight reduction in margins confirms Tesco's view of recession hitting grocery sector

Wm Morrison rises 34% to £36.2m

By John Thornhill

WM Morrison Supermarkets, the Bradford-based grocery chain, continued its resilient run of results by posting a 34 per cent increase to £36.2m in interim pre-tax profits.

The improvement from last time's £27m resulted from the contribution of three stores opened during the period and a £4.5m reversal in its interest position, from £2.7m payable to £1.8m receivable, following the cash inflow from last year's £97.6m rights issue.

Sales in the 26 weeks to August 1 grew 17 per cent to £623.5m.

However, net operating margin dropped a shade to 5.8 per cent as increases in staff costs and overheads outstripped the rate of sales growth, confirming the view given earlier in the week by Tesco that recession has finally caught up with the food retailing sector.

Mr Ken Morrison, chairman, continued to adopt a cautious stance in view of the low level of food price inflation and the general state of the economy.

"I believe it is prudent to regard the present conditions as likely to be with us for some time and manage our business accordingly," he said.

During the period Morrison opened supermarkets at Beverley, Walsall and Mansfield and will open another three in the second half.

The company's existing 53 stores contributed 4.3 percentage points to the overall 17 per cent sales gain.

Mr Martin Ackroyd, finance director, said staff costs as a

percentage of sales had increased from 8.9 per cent to 9 per cent and overhead costs from 4.1 per cent to 4.3 per cent as the company strove to maintain its standards of service.

"We always work on the basis that however tough it is it is going to get a bit worse," he said.

Next year Morrison will continue its aggressive opening programme with seven supermarkets expected to come on stream with eight more in 1994. Morrison is adding new space as a percentage of its total sell-

ing area at a faster rate than any of its bigger national rivals.

The company's depreciation charge rose by 43 per cent as the company became the first food retailer to begin depreciating the value of its sites. Borrowings stood at £19.8m at the end of the period with gearing having fallen from 48.8 per cent to 5.7 per cent.

Fully diluted earnings per share rose 11 per cent to 3.03p. The interim dividend is lifted 20 per cent to 0.16p.

See L&S

Berkertex businesses sold to Wm Baird

By Peter Pearce

WILLIAM BAIRD, the textiles and engineering company, has acquired most of the rest of Berkertex Holdings that the receiver had not previously sold. The combined turnover of the acquired businesses was £23.1m in the year to January 1992.

The price was not revealed, but Baird said that it "reflected the forced nature of the sale". Conversely, Touche Ross, the receiver, said that the amount reflected "the attractiveness of the businesses".

Last week, the receivers at the last minute and in a fairly godfatherly way, agreed to supply dresses ordered from the collapsed company for the Queen Charlotte's Ball in London.

Mr Andrew Mills-Baker, Baird's finance director, said that the acquisition was a good fit with his company's current operations and filled gaps in the women's wear market that it did not already cover.

The same also applied to the bridal wear segment - Berkertex Bridal, which operates at the upper end, will be run by Baird's Bridal Fashions, which leans towards the lower. Baird's Windmoor Group, which makes smart everyday women's wear, will operate Berkertex Dress, which makes formal women's wear, and Genesis, which makes casual wear.

Mr Mills-Baker said that the acquisition was a good opportunity for his group. Baird had been able to pick and choose what it wanted - it only bought two of the Berkertex shops (Bond Street, London and Nottingham), leaving the remaining 14 with the receiver. It had picked up most of the shops within shops in the UK and 26 in Spain, where Windmoor also has concessions.

Furthermore, Baird had bought the goodwill and the trademarks of famous brand names, as well as the stock at a discount. With these advantages and the opportunities for running the acquired businesses without overheads rising proportionally, Mr Mills-Baker said he was pleased to have outbid the other interested companies, both UK and non-UK.

Philip Green quits as Amber Day's £7.53m disappoints

By Andrew Bolger

THE CONTROVERSIAL career of Mr Philip Green as chairman and chief executive of Amber Day ended yesterday when the discount retailer announced unexpectedly poor results.

Mr Green, 40, said he had resigned from the board and would cease all executive functions within the group, which reported annual pre-tax profits of £7.53m. It was well below the forecast of at least £10.1m made as recently as mid-June, when downgrading analysts' expectations of £14m-£15m.

Amber Day's shares collapsed from a peak of 129p last November following a series of bear raids and newspaper stories about Mr Green's business associates and commercial deals. The shares yesterday closed 1p higher at 25p.

Mr Green said all the claims, including those by the company's advisers and found to be groundless. However, the board announced in June that Mr Green intended to split his role with an independent chairman, after the resignation of the group's finance director and only non-executive director, both within a year of joining the group.

Amber Day's advisers, including bankers Samuel Montagu and stockbrokers Smith New Court, insisted on the quality of the group's underlying business, the Glasgow-based discount chain What Everyone Wants, which it bought in 1990 for £46.7m.

Earnings per share fell from 6.81p to 3.87p. The final dividend of 2p gives a total for the year of 8.1p, compared with 7.7p.

The line that Amber Day's problems were merely to do with corporate governance could not stand the strain of the surprise drop in sales and profits, which proved the last straw for the group's advisers and main shareholders.

One adviser said the board, including Mr Green, recognised that he would have to go in order to salvage any of the group's hugely diminished credibility. Mr Green still owns 10 per cent of the group, which has seen its market value drop from £158m to £43m at last night's close.

Mr Green said the company had suffered from a lot of undesired publicity, which was causing management of the business such distraction that he believed it was right for him to stand down.

Mr David Thompson, who joined as finance director in July, has temporarily assumed the roles of chairman and chief executive. The board said it intended to appoint a new chairman, chief executive and at least one non-executive director as soon as possible.

Total group turnover fell from £103.1m to £95.5m in the year to August 1. The group blamed the profits shortfall on over-optimistic sales forecasts which required markdowns to clear stock. Sale of the mens' wear division caused an extraordinary charge of £5.9m.

Amber Day's advisers, including bankers Samuel Montagu and stockbrokers Smith New Court, insisted on the quality of the group's underlying business, the Glasgow-based discount chain What Everyone Wants, which it bought in 1990 for £46.7m.

Exceptionals add to losses at DY Davies

By William Morris

AN 88 per cent increase in exceptional items further depressed losses at DY Davies in the year to April 30.

Pre-tax losses of this USM-quoted architect surged from £543,000 to £1.67m. The £950,000 exceptional charges were for costs associated with surplus property, bad debts, redundancies, and disposal of fixed assets.

Mr David Davies, chairman, said he was optimistic that the majority of the company's high level of excess office space resulting from staff reductions during the year would be removed and costs borne in the current financial year.

Mr Davies, who said the company's performance was affected by the severe recession hitting the construction industry, also announced that board members have agreed to accept salary reductions amounting to an average of 25 per cent in the current year.

Turnover fell 30 per cent to £7.35m. An increase in operating losses to £430,000 (£248,000) was partly offset by a reduction in interest charges to £287,000 (£386,000).

Mr Davies said the company had secured a restructuring of £1.3m of its bank borrowings, or 60 per cent of total debt, to long-term finance repayable in three to 10 years.

Losses per share jumped to 21.5p (8.5p).

Royal Bank

Royal Bank of Scotland, via its US subsidiary, Citizens Financial Group, has acquired Plymouth Five, a Massachusetts-based savings bank.

Sharp fall to £1.3m at Hopkinsons

PRE-TAX profits of Hopkinsons Group, the industrial valve and hydraulic equipment maker, showed a marked decline, from £3.02m to £1.34m, in the six months to end-July. The shares closed 7p lower at 33p.

The pre-tax figure was struck after an interest charge of £608,000, against income of £1.29m, and an exceptional provision of £800,000 for redundancy costs in the gas division.

Mr Ralph Goodall, chairman, said last year's interest income had been eliminated on the purchase of Carbo in October last year. Borrowing had increased, he added, but gearing, at 41 per cent, remained within acceptable limits.

Turnover jumped to £51.3m (£48.7m) reflecting a full six months' contribution from Carbo. Group operating profits improved by 48 per cent to £2.6m (£1.7m).

Mr Goodall said there was currently no sign of an upturn in the group's main markets and the timing and extent of any recovery remained uncertain, with no expectation of significant improvement within the next 12 months.

The interim dividend is reduced to 0.5p (1.5p), payable from earnings of 1.4p (3.18p) per share.

Newarthill loss grows to £9.2m

Newarthill, the family-controlled holding company for the civil engineer Sir Robert McAlpine whose listing was cancelled in 1989, reported an increase in pre-tax losses from £5.35m to £9.2m for the six months to April 30.

However, Sir John Greenborough, chairman, said that the second half loss was expected to be substantially less than the first.

Turnover dropped from £245m to £138m producing an operating loss of £3.66m, compared with £4.44m. The pre-tax deficit was struck after a provision of £3.76m for the loss in the partnership development on the Haymarket Leicester project, redundancy costs of £1.99m and Australian restructuring costs of £408,000.

After a tax credit of £945,000 (£1.28m charge), and taking in profits on sales of securities and investment properties of £4.96m (£1.21m), the attributable loss came out at £3.42m (£5.37m). Losses per share were 63.5p (30.1p).

Sir John said that construction activities made a profit before redundancy costs.

United Newspapers achieves 20% advance

By Raymond Snoddy

UNITED Newspapers, publishers of the Daily and Sunday Express, yesterday announced a 20 per cent increase in pre-tax profits to £46.5m in the first six months of the year.

Lord Stevens, chairman, noted yesterday that the improved trading performance had been achieved in the absence of any economic growth.

"The results were due to the resilience of strong market positions and stringent management of costs," he said.

Mr Graham Wilson, managing director, said the results showed that "we really can manage this business in difficult times and we really ought to have credit for that".

Apart from general pressure on margins United Newspapers was helped by a 25 per cent drop in interest charges from £14.6m to £11m.

About three quarters of the

reduction was the result of lower interest rates on US debt with the other quarter coming from a reduction in debt level. The newspaper group also benefited from reduced newspaper prices.

There was also considerable progress in national newspapers. In the six months to August, the Sunday Express - which went tabloid in July - showed a year-on-year increase of 8 per cent in circulation in a Sunday market which fell by 2 per cent.

The Daily Express maintained its share of a market which shrank by 2 per cent. Overall an increase in advertising revenue helped Express newspapers to a profit improvement of about 50 per cent.

Mr Derek Torrington, media analyst at stockbrokers Kleinwort Benson, said yesterday: "Overall you have to call this a good result." It was as if, he believed, the company had finally fought free from



Lord Stevens: a good overall performance

what he believed were the expensive acquisitions of Fleet and Extra.

With 55 per cent of its revenue

advertising dependent United was now "a textbook recovery story, as and when you get a recovery".

Mr Torrington says he is now expecting pre-tax profits of £98m for the full year.

Turnover rose marginally from £411m to £416m. Earnings per share rose from 11.3p to 14.2p and the interim dividend is unchanged at 7.5p.

Lord Stevens said he believed the overall performance was good in such difficult circumstances.

"It is too early to take a view about the results for the year as a whole but if we continue to trade as successfully as in the first half, then it should be possible to improve on last year's second half performance," Lord Stevens said.

The company was not assuming any growth this year either in its UK or US markets. The shares rose 16p to close at 435p.

See L&S

NEWS DIGEST

Yule Catto 4% ahead at £10.2m

IN SPITE of the effects of the continuing recession in its markets, Yule Catto, the industrial chemicals and building products group, showed a 4 per cent improvement in the six months to June 30.

Pre-tax profits were £10.2m, against £9.7m last time, and were struck on turnover down by £1.3m to £126m. The result was helped by a lower interest charge of £1.04m (£1.76m).

Directors said the speciality chemicals operations had performed strongly, with sales and profits increasing by 4 per cent and 8 per cent respectively. However, "unsurprisingly", the building product companies had experienced tough trading conditions, they added.

An interim dividend of 2.5p (2.3p) is declared, covered three times by earnings per share of 7.5p (7.2p).

Since the start of the current year two small acquisitions have been made, both of which have been fully integrated within existing operations, the company said.

Headline advances 60% to £0.6m

Tight control of overheads and increased sales through book-sellers and book clubs enabled Headline Publishing to increase interim pre-tax profits by 60 per cent from £378,000 to £604,000.

Sales in July and August were 34 per cent ahead of last year and the company said that the second half would be helped by two acquisitions in April and July. It added that the plan to increase its new book programme from 300 to 400 titles in the year was on schedule.

Turnover for the first half of 1992 increased 30 per cent to £55.3m (£44.2m) and earnings per share came out at 3.5p (3.3p). An interim dividend of 1.5p is declared. Last year there was a payment of 0.5p for the period from flotation in April to the end of June.

Norman Hay turns in £393,000 deficit

Despite directors' "best efforts to contain losses", Norman Hay, the engineering group, reported a pre-tax deficit of £393,000 for the six months to end-June.

The outcome compared with a profit of £25,000 last time and with a loss of £2.16m at the December year end. Turnover fell to £4.2m (£5.56m).

The company said the loss had resulted from difficulties encountered in combining its Heathrow operations with the Coventry businesses during "the most prolonged and severe recession in living memory".

Directors added that they were unable to view the economic outlook for the country with any degree of optimism and expected the loss reported to increase for the full year. Losses per share came out at 1.8p (earnings 0.4p). The directors considered it imprudent to pay an interim dividend - 0.5p was paid last year - but said they would review the circumstances at the year end.

Improved six months for Highcroft Trust

Highcroft Investment Trust, which deals in property and securities, lifted pre-tax profit from £420,000 to £464,000 in the first half of 1992.

Gross rents improved to £432,000 (£400,000) despite an increase in arrears affecting commercial properties.

At June 30, investments were listed at £3.83m (£3.53m at end-December) against a book value of £1.47m (£1.29m).

Earnings per share came out

at 5.64p (5.38p) and the interim dividend is raised to 1.8p (1.65p).

Assets and revenue decline at Tor Trust

Net asset values at Tor Investment Trust declined over the 12 months to July 31.

On the income shares the figure fell from 151.1p to 131.52p, and on the capital shares from 11.33p to 8.12p.

Gross income totalled £2.16m (£2.4m) and net revenue worked through at £1.33m (£1.65m). Earnings per income share were 32.77p (40.78p) and the final dividend is 10p for a total of 40p (38p). The trust is forecasting a maintained total for the current year.

Earnings on the capital shares were 3.77p (4.078p) and the dividend is 4p (3.9p).

Net asset value per share for the Ecu Trust increased from 51.6p at June 30 1991 to 53.2p at August 31 1992.

Net revenue for the year to June 30 was £238,000 (£206,000 for 11 months to June 30 1991). Earnings per share came out at 1.09p (1.69p) and a single final payment of 1p is proposed. Last time 1.3p was paid including a special dividend of 0.3p.

Ecu Trust net asset value at 58.7p

Net asset value per share for the Ecu Trust increased from 51.6p at June 30 1991 to 53.2p at August 31 1992.

Net revenue for the year to June 30 was £238,000 (£206,000 for 11 months to June 30 1991). Earnings per share came out at 1.09p (1.69p) and a single final payment of 1p is proposed. Last time 1.3p was paid including a special dividend of 0.3p.

Atlas Converting declines 26%

Reduced operating profit, coupled with higher interest charges, meant Atlas Converting Equipment showed a drop of 26 per cent in pre-tax profits for the first half of 1992.

From turnover of £20.6m (£21.6m), operating profit came to £2.54m (£3.07m). Interest costs were £267,000 (£13,000). Earnings per share were 18.4p (24.6p) and the interim dividend is again 7p.

Mr Christopher Rogers, chairman, said turnover was lower than anticipated as a result of a technically difficult mix of machines.

Output for the second half would be higher than for the first, he said, and added that orders for 1993 and prospects also showed signs of improvement.

"With 90 per cent of our out-

put exported, the recent effective devaluation of the pound will give us a strong competitive edge and this further increases our confidence."

Substantial rise in losses at Era

Era Group, the retailer and distributor, incurred a seasonal loss of £1.6m in the half year to June 30, compared with £881,000.

Mr Tony Fay, chairman, described the result as in line with expectations and satisfactory in the economic conditions.

He pointed out that the year's results were dependent on November and December trading - last year the group made £2.17m pre-tax profit. He said a return of consumer confidence was still awaited, but the group had moved ahead significantly over the past 18 months with new stores, designs and products.

The group trades in models and toys, photographic, video and related electronics, and console and computer based games. Turnover this time came to £29.3m (£28.7m) on which gross margins were slightly lower partly because of competitive pressures.

Losses per share were 2.07p (1.26p). The cumulative preference dividend, absorbing £86,000, has been passed.

Throgmorton Dual halves final dividend

Throgmorton Dual Trust saw its net asset value per capital share fall from 62.7p to 58.12p over the year to the end of July. The income share net asset figure was 26.83p (30.4p).

In the 12 months to July 31 net revenue was £1.61m (£1.94m) for earnings per share of 7.02p (8.41p). A halved final dividend of 1.75p is recommended for a total of 7p (8.75p).

Caverdale incurs £272,000 deficit

Caverdale, the motor and engineering trade consumables group, yesterday announced pre-tax losses of £272,000 for the six months to end-June.

This compares with profits of £247,000 for the comparable period last year and with losses of £305,000 at the Decem-

ber year end.

The pre-tax figure was struck after an exceptional charge of £113,000 (£332,000 gain) relating to the costs of an abortive acquisition.

Turnover fell 13 per cent to £4.77m and losses per share were 0.31p (earnings 1.87p).

SWP at £30,000 and passes dividend

SWP Group, the Worcester-shire-based building components supplier, reported pre-tax profits of £30,000 for the year to June 30, against £226,000. The usual single final dividend is being passed.

However, as a result of cost cutting and efforts to expand in niche areas, Mr Robert Sticks, chairman of the USM-quoted company, said that an improvement was expected in the present year. Figures from the first two months supported his view.

Turnover fell 25 per cent to £7.4m (£10.3m). Earnings per share were 0.1p, compared with 2.2p last time when there was a final dividend of 0.6p.

Net assets slip at Murray Ventures

The net asset value per share of Murray Ventures, the Edinburgh-based investment group, stood at 286.2p at the July 31 year end, against 305.8p a year earlier.

Directors said it had been a record year for unlisted disposals with £15.7m realised for a net gain on cost of £7.5m. Net revenue increased to £3.02m (£2.98m) and earnings per share came out at 12.2p (12.04p). A same-gain final dividend of 6.3p is proposed to maintain the total at 10.3p.

Orbicom agreement with creditors

Orbicom, the private Anglo-Soviet trading group yesterday worked out a company voluntary arrangement with UK creditors owed £1.3m.

Creditors have agreed a business plan which, if successful, would mean they would be paid off by cashflow obtained from engineering projects in Siberia and a Moscow contract for a waste recycling plant. The arrangement runs for a year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres- ponding dividend	Total for year	Total last year
Amber Dayfin	2t	Dec 18	1.8	3.1	2.7
Anglia TVint	2.98	Nov 17	2.98	-	2.26
Antiopestaint	6	Dec 7	6	-	19
Appleroint	2.9	Nov 8	2.6	-	7.8
Atlas Convertingint	7	Nov 16	7	-	21
Black (A&C)int	4.25	Oct 27	4.25	-	15
Ecu Trustfin	1	Nov 18	1	1	1.39
EFM Dragonint	0.06	Nov 18	0.06	0.06	0.06
Hampden 5int	0.2	Nov 27	0.2	-	2
Hawstock Europeint	nil	-	1.5	-	1.5
Hay (Norman)int	nil	-	0.5	-	1.14
Headline Bookint	1.5t	Oct 30	0.5t	-	4.6
Highcroft Invint	1.8	Nov 5	1.2	-	3.7
Hopkinsonsint	0.9	Nov 30	1.2	-	12.5
Lambert Howarthint	4.25	Nov 8	4	-	13.2
Murray O'Ferrallint	3.2t	Nov 13	3.2	-	0.08t
Morrison (Wm)int	0.16t	Nov 2	0.13t	-	0.08
Murray Venturesint	6.9	Nov 25	6.9	10.8	10.5
Ricardoint	3.8	Nov 30	3.8	5.7	5.7
Rufford Trustint	0.27	Nov 30	0.27	-	0.8
Spring Ramint	0.103	Dec 4	0.096	-	0.299
SWPfin	nil	-	nil	0.6	0.6
Throgmorton Dualint	1.75	Nov 20	3.5	7	8.75
Tor Inc Capitalfin	4	Nov 12	4	4	3.9
Tor Inc Incomeint	10	Nov 12	10.6	40	36
TV-amint	4	Nov 12	3.8	-	34
Utd Newspapersint	7.5	Nov 13	7.5	-	21
Vickersint	6	Nov 4	3.7	-	6
Widemanint	3.1	Nov 12	2.9	-	8.7
Wuss Celloint	2.5	Nov 18	2.3	-	5.4

COMPANY NEWS: UK

Results lifted by strong growth in kitchens where sales rose 19%

Spring Ram jumps to £18.4m

By Jane Fuller

A STRONG performance from its kitchens division helped Spring Ram Corporation increase first-half pre-tax profit by 13 per cent, from £16.3m to £18.4m, against the trend in the building and home improvements market.

The share price gained 10p to close at 143p. Turnover rose by 17 per cent to £101.5m (£96.9m). Earnings per share advanced to 3.5p (3p) and the interim dividend goes up 20 per cent to 0.103p (0.086p).

Mr Stuart Greenwood, financial director, said sales rose by 19 per cent in the kitchens division. The driving force for the profit growth was the 500,000 sq ft Scunthorpe factory. After breaking into profit for the first time last year, the performance was improving rapidly through greater utilisation of capacity.

The bathroom division pushed up sales by 13 per cent and increased its market share. But margins were eroded in a

difficult and competitive market.

Special products, a smaller part of the group, showed a 40 per cent sales increase. Exports were up by 48 per cent and now accounted for 9 per cent of gross turnover compared with 7 per cent a year ago.

Spring Ram is approaching the mid point of a £102m capital spending programme, with outlay at a peak of £40m this year compared with £30m next year.

The recession was enabling the group to build and equip more cheaply and about £10m might be saved, although this was partly being taken up by other projects.

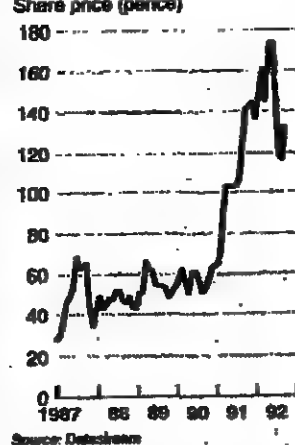
Government grants of £8m were being taken through the profit and loss account over four to five years.

This year the credit was £2m (£400,000) to partially offset start-up costs at the Regency doors factory, near Barnsley, and a new tile factory near Bradford.

Mr Greenwood said the amount of cash held by the

Spring Ram

Share price (pence)



Source: Datastream

group was expected to fall from £45m at the end of last year to £35m this December, with the half-way figure about £7m. Interest received in the first half amounted to £1.1m (£1m).

COMMENT With a typical burst of energy,

Spring Ram showed 150 analysts, fund managers and journalists around its new door and tile factories to inspire confidence in its future growth prospects. The practice of building low-cost lines on green field sites has borne fruit so far - witness Scunthorpe. It believes it can repeat the trick with doors and tiles, where it will again aim to replace imports and push at the weak points in the UK competition.

The group looks on course to increase full-year pre-tax profits by about 14 per cent to £43m. This puts it on a prospective multiple of more than 17, a deserved premium to the market but no longer offering the sort of buying opportunity that followed this summer's faltering in the share price.

As the company gets bigger, the scrutiny of its accounts gets tougher particularly on depreciation, grants and the high level of stock. Real signs of recovery in its market would probably wipe away the vestiges of scepticism.

Interest savings boost More O'Ferrall

By Peggy Hollinger

A DROP in interest charges helped More O'Ferrall, the billboard and bus shelter advertising contractor, increase pre-tax profits by 15 per cent, from £812,000 to £936,000, for the six months to June 30.

Mr Russell Gore-Andrews, chairman, said the overall advertising market continued to be "short-term and erratic". Revenues were up in the third quarter, but there was "a long way to go before we get anywhere near recovery," he said. Much would depend on the outcome of the economic situation in the UK over the next six weeks.

Nevertheless, the interim dividend is again 3.2p, and uncovered for the second consecutive year with unchanged earnings per share of 2.1p.

Mr Gore-Andrews said the pay-out had been held as there was "no reason for thinking that things are going to be any worse than last year".

Turnover was down by 1 per cent to £28.6m. The £13m 1-for-4 rights issue in October last year was responsible for a drop in interest payments from £1.65m to £857,000. However, gearing currently stood a little above the 28 per cent of June 30 and was expected to remain so.

Mr Gore-Andrews said business in the first quarter had been "extremely poor in relation to a very good quarter in 1991". Poster advertising declined by 10 per cent, compared with an advance of 15 per cent in 1991.

The improved second quarter had not been enough to avert an overall decline in operating profits of 37 per cent to £1.79m during the first half. Sharpest drop was in the UK, where profits fell by 81 per cent to £241,000 on turnover 5 per cent down at £16.5m. The deepening recession in France resulted in a 60 per cent decline in profits there to £263,000. Belgium improved significantly, following the reorganisation of the Visibility business acquired in 1990; profits increased from £570,000 to £1.33m.

Harland Simon brings in Astra's former chief executive

By Paul Taylor

MR TONY McCann, one of the company doctors brought in to run Astra Holdings, the munitions and fireworks maker before it went into receivership earlier this year, has been appointed chief executive of Harland Simon, the control systems company which had its shares suspended earlier this month pending clarification of its financial position.

Mr McCann was also named as deputy chairman of Harland's executive committee, which will be chaired by Sir Ian Morrow, the industrialist and accountant whose industrial experience includes the successful restructuring of Rolls-Royce.

Mr David Mahoney retains his post as chairman. The new appointments were announced along with the resignation of Mr John Redshaw, managing director, from the board of the troubled group. A

company statement added that Mr Redshaw had "waived all claims" against it.

Harland requested the suspension of trading in its shares at 20p earlier this month after Barclays, the group's main commercial banker, indicated that its banking facilities were being cut by up to one third. Yesterday the company emphasised that it continues to receive the support of its principal bankers.

The appointment of Sir Ian and Mr McCann completes a management reorganisation which began in February when Mr Roy Ashman, former chairman and the driving force behind the company, was replaced by Mr Mahoney, a former chairman and an industrial adviser to Hambro's, the company's financial adviser.

The immediate priority of the new management team will be to complete a review of the financial condition and prospects of the group, which has

already begun an asset sale.

Harland's problems began in February after the once high-flying company issued an unexpected profits warning and released details of exposure to companies controlled by the late Mr Robert Maxwell. In the wake of the warning the group's share price collapsed and it subsequently reported a £6.3m pre-tax loss for the year to March 31.

Mr McCann also has extensive industrial experience with Black & Decker, Allegheny International and Littlewoods. Most recently, institutional investors in Astra asked him to take over as chief executive to resolve its financial difficulties.

Although he, with Mr Roy Barber as chairman, managed a significant improvement in Astra's performance, from losses of £55m to near break-even, the burden of debt prevented a capital reconstruction and the company eventually went into receivership.

Bennett & Fountain falls into red

BENNETT & Fountain, the electrical group, swung into losses in the year to end-June as the recession took its toll on the building and construction sectors.

Pre-tax losses - after redundancy costs of £607,000 and a reduced interest charge of £1.61m (£2.46m) - were £2.55m, against profits of £2.31m last year.

Turnover, which included £13.6m from discontinued operations, fell to £61.4m (£74.1m). Losses per share were 3.3p (earnings 2.3p).

The company said that because of the substantial deficit on the profit and loss reserve there would be no final dividend on either the ordinary or preference shares.

A number of branches were disposed of in November, and an extraordinary item of £2.54m represents the results of these operations.

Ricardo drops 56% to £2.04m and finance director resigns

By Paul Taylor

RICARDO INTERNATIONAL, the engineering design group, yesterday reported a 56 per cent decline in full year pre-tax profits, and announced that Mr Matthew Thorne, finance director, had resigned to pursue his other interests.

Mr Thorne's departure, said to be "amicable", follows the resignation in June of Mr Roger Smedley as chairman and chief executive, after pressure from non-executive directors. He was replaced by Mr Christopher Ross as chief executive and Sir Philip Foreman as chairman.

The company, which also yesterday announced the appointment of Mr Cecil Foreman as a non-executive director, said the appointment of a new finance director would be announced in the near future. Pre-tax profits, struck after an £800,000 charge to cover

restructuring costs - including Mr Smedley's compensation package, fell to £2.04m in the year to June 30.

This compared with profits of £4.65m last time and came on turnover down from £93.5m to £87.6m.

Operating profits fell from 25m to £2.47m, with three of the group's four operating divisions suffering losses. The only division to post "a wholly satisfactory performance" was consulting engineers in the automotive sector, even though its turnover slipped marginally to £18.4m (£18.8m).

Turnover in the aerospace division fell to £21.5m (£27.4m) although within the division the gas turbine group performed strongly. Technical communications turnover slipped to £5.8m (£6.2m), but the hatch division managed to increase turnover to £11.5m (£11.2m).

Sir Philip described the

results as "disappointing" but emphasised that the group's balance sheet remained strong with shareholders' funds of £32m and net borrowings of only £2.62m after capital expenditure of £2.6m.

The group's overall investment in research and development was £1m, mainly focused in the automotive business.

After a reduced tax charge of £865,000 (£1.53m) earnings per share came out at 3.6p (9.9p).

An unchanged final dividend of 3.5p is recommended, maintaining the total for the year at 5.7p. Although the dividend is not fully covered by earnings, Sir Philip said it "reflects the underlying strength of the group".

On prospects, Sir Philip said the new financial year would be very challenging. Nonetheless, the actions taken to redirect the activities of the company would result in a stronger, healthier enterprise.

Rutland Trust falls by 9% to £3.54m

By Peter Pearce

RUTLAND TRUST, the financial services and property surveying group, suffered a decline of almost 9 per cent in pre-tax profits, from £3.87m to £3.54m, in the first six months of 1992.

Mr Christopher Dowling, director of corporate finance, said that the result was "satisfactory under the [recessionary] circumstances".

Mr Michael Langdon, chief executive, said that all three divisions had remained profitable "although at a lower rate" and the group was "in a healthy financial position". The interim dividend is held at 0.27p.

The head office/corporate finance division lifted pre-tax profits from £268,000 to £293,000. Rutland has central cash resources of a little more than £8m net giving it interest of some £500,000. However, some corporate finance deals have been delayed by recent uncertainties. Progress at Cap-

ital Industries, in which it has a 37.9 per cent interest, was "encouraging".

Trading conditions in the second-hand car market were "at an all-time low", said Mr Dowling, though he felt that the bottom of the cycle had been reached and was encouraged for next year.

Profits in the asset financing side declined by 35 per cent, from £1.2m to £832,000.

In professional services profits fell 17 per cent to £2.01m (£2.41m). Ellis & Buckle, the loss-adjusting business, received fewer claims because of the mild winter, but managed to gain market share. However, building surveying at Hunter & Partners traded only at about break-even.

Group turnover was down at £48.4m (£52.2m), partly, said Mr Dowling, because this time Capital Industries was an associate.

After tax of £1.23m (£1.35m) and minorities of £283,000 (£288,000) earnings slipped to 0.84p (0.88p) per share.

Lonrho sells Firststeel via buy-out

By Roland Rudd

LONRHO, the international trading conglomerate, has sold Firststeel Group, a narrow steel strip processor and distributor, to its management.

Mr Frank Neale, a partner of Philidrew Ventures, which helped fund the management buy-out, said the price was close to the £21m net asset value of the company.

Over the last year Lonrho has been making a series of disposals to reduce its debt. At the half year to March 31 net debt fell from £1.1bn to £903m.

Firststeel last year had sales of more than £30m. It has financing of £24.6m, comprising £11.5m of debt facilities from Midland Bank, £10.5m raised by Philidrew Ventures and £2.6m of mezzanine finance organised by Midland Montagu Ventures.

The transaction represents the first buy-out for Philidrew's £106m third fund which owns the majority stake in the West Midlands-based business.

Conder Group PLC (In Receivership)

By virtue of the receivership of the Conder Group the following are available for sale:

Conder Developments Limited

This company is not in receivership and comprises the property development company within the Group. Located in freehold premises at Eggington Junction, near Burton-on-Trent, the principal assets of the company include:

- 50% interest in Dove Valley Park - a 200 acre industrial site near the new Toyota factory in South Derbyshire.
- Housing development site in Lichfield.
- Prime office development sites in Crawley and Clapham Common.
- Other property interests.

Contact: Richard Rees, Price Waterhouse, Nottingham Office. Tel: (0602) 419321. Fax: (0602) 472660.

Projects

This division operates as a main contractor for design and build projects for non-residential buildings. Headquarters at Winchester and with significant offices in Burton-on-Trent and Darlington. High percentage of negotiated work.

Main features include:

- Turnover exceeding £100 million in 1990.
- Acknowledged leader in building of local authority offices.
- Excellent reputation for quality and performance.
- Good margins, even in the current difficult economic conditions.

Contact: Peter Spratt, Price Waterhouse, Windsor Office. Tel: (0753) 868202. Fax: (0753) 833528.

IEI

The IEI division provides single point responsibility for the design, project management, installation, commissioning and maintenance of mechanical and electrical building services.

- Based in Basingstoke and Leeds.
- High proportion of repeat business.
- Expertise in energy management systems.
- Well established national name.
- Increasing profit history over last year.
- Current order book £12 million.

Contact: Alan Barrett, Price Waterhouse, London Office. Tel: 071 939 3000. Fax: 071 939 4176.

Structures

Conder Structures is a sub-contract design and build structural steelwork specialist in the commercial and industrial building sector. Based in Burton-on-Trent, with offices in Winchester and Darlington, the division has an outstanding national reputation. Principal features include:

- 13 acre freehold site at Burton-on-Trent.
- 25,000 tonne capacity.
- Well equipped and highly automated factory.
- Current order book exceeding £10 million.
- Operates worldwide.

Contact: Richard Rees, Price Waterhouse, Nottingham Office. Tel: (0602) 419321. Fax: (0602) 472660.

Cladding

This division manufactures profile steel cladding for industrial buildings. Based in West Bromwich, its main features include:

- 100,000 sq ft leasehold premises at West Bromwich.
- Experienced team of 45 people.
- 20,000 tonnes equipment capacity.
- Modern automatic equipment.
- Extensive customer list.
- Turnover £3.7m for last eight months.
- Current order book £250,000.
- Profitable over past six months.

Contact: Richard Rees, Price Waterhouse, Nottingham Office. Tel: (0602) 419321. Fax: (0602) 472660.

Price Waterhouse



COMPANY NEWS: UK

TV-am at £9m despite reorganisation charges

By Raymond Snoddy

TV-AM, the breakfast television company that was outbid in last year's tenders for new franchises, yesterday announced pre-tax profits of £9.5m for the six months to June 30.

The outcome compared with £6.7m last time and was achieved despite the depth of recession in the television advertising market. Turnover dipped from £39.6m to £37.7m.

The profits rise reflected a reduction in Exchequer Levy and cuts in costs as the company slowly runs down towards December 31 when it

ceases to be an ITV broadcaster.

However, reorganisation costs and the inevitable redundancies led to an exceptional charge of £2.57m and the company warned that there would be additional costs of a similar nature when it reached the end of the franchise.

Mr Bruce Gyngell, chairman, said: "All our energies over the final months of the franchise are committed to maximising revenue, minimising costs while maintaining our commitment to the audience."

The interim dividend is an unchanged 4p, payable from earnings of 8.2p (8.5p) per

share.

It is not yet completely clear what TV-am will do in future following the loss of its franchise. It examined the possibility of bidding for the new Channel 5 but decided not to go ahead. It did, however, win the franchise for a new national commercial pop music radio station in a venture with Richard Branson's Virgin group.

A number of other possible media investments are being assessed by TV-am, a company that is likely to have a £50m pot of gold when it says goodbye to the breakfast audience for the last time.

Exchequer Levy cut lifts Anglia to £4.83m

By Raymond Snoddy

ANGLIA Television yesterday announced a 58 per cent increase in pre-tax profits, from £2.97m to £4.83m, for the six months to the end of June.

The growth came from the one-off reduction in Exchequer Levy for the last year of the old ITV franchise system. Anglia's levy payment in the period fell from £2.47m to £1.73m.

From January Anglia will begin paying to the Treasury £17.8m a year - the bid that regained it the East of England licence - plus 7 per cent of its advertising revenue.

Operating profit declined from £5.45m to £4.27m in the half year. Expenditure on Anglia's own productions rose from £7.96m to £11m.

Sir Peter Gibbins, chairman, singled out for praise its programmes such as the Survival series, Fay Weldon's Growing Rich and the documentary adaptation of Stephen Hawking's A Brief History of Time.

He said that after allowing for the increase in costs in both programme production and acquired programmes, the operating profit was similar to last year but below that of 1990.

He was confident of further programme commissions under the new competitive ITV networking arrangements.

Anglia's advertising revenue was £23.4m (£22.3m), with its share of ITV advertising increasing to 6.88 per cent thereby continuing a steady upward trend.

Turnover totalled £57.5m, compared with £56.8m. Earnings per share rose from 4.35p to 7.04p, and the interim dividend is held at 2.86p.

Sir Peter said that despite all the uncertainties over the timing of a recovery from recession, he remained hopeful of a satisfactory result for the year.

Analysts are forecasting pre-tax profits for the full year of about £15m.

Boddington sale

Boddington Group has sold Bentley's Restaurants for an undisclosed sum to Russell Group, which operates the Ocean Theme Restaurants.

Whitecroft warns of interim deficit

By Ian Hamilton Fazey, Northern Correspondent

WHITECROFT, the Cheshire-based lighting, home improvements and industrial and medical textiles group, yesterday announced complete withdrawal from the double-glazed windows and conservatories market and warned that pre-tax losses for the half-year to end-September would be about £1m.

There will be no interim dividend (3.3p).

The share price, fell from 37p

to 23p on the news but later recovered to 27p.

Mr Peter Gould, chairman, said yesterday: "We are eliminating £2m of losses and this has to be right."

Two of the group's windows and conservatories businesses have been sold and negotiations are under way to sell the other two. Mr Gould said this was better for shareholders than closure because the buyers would assume responsibility for future liabilities.

Whitecroft made £4.9m in the year to March 31, with

operating profits halved. It cut its final dividend to 0.7p, making a total of 4p, compared with 10p in 1990-91.

"We said earlier this year that if consumers did not start buying energetically again, we would take radical action. We are, however, quite confident longer term."

"Our strategy is to concentrate on core businesses with growth potential. We have been incurring costs up front, but benefits will flow later," Mr Gould added.

Goodwill of £23.8m associated with the sales will pass through the profit and loss account. This had been previously eliminated against reserves and will be shown as an extraordinary item, with no effect on shareholders funds of about £40m.

Group borrowings on September 30 are expected to be about £38m - gearing of about 95 per cent. Mr Gould said borrowings would fall back to March's level of £26m next year as investment in performance doors business generated cash flow benefits.

Whatman edges ahead to £4.5m

By Roland Rudd

WHATMAN, the specialist paper and filtration equipment maker, reported a 3 per cent advance in pre-tax profits, from £4.37m to £4.5m, for the half year to June 30.

Sales were unchanged at £25.9m but trading profit fell to £4.46m (£4.63m) because of the impact of the weak dollar. More than 60 per cent of sales are generated in North America.

Mr Hugh Perrott, finance director, said: "There are signs of a steady US recovery. We have made progress by increasing the number of sales staff in the US and increasing investment in new products."

Sales of gas generators and microfiltration devices benefited from the increased investment.

Reorganisation costs of £727,000 related to the discontinuation of manufacturing filter systems in the UK. After a £840,000 profit on the sale of UK land that left an exceptional charge of £97,000.

Net interest income of £23,000 compared with a charge of £266,000. Borrowings were about £1m.

Earnings per share increased to 13.58p (12.83p). The interim dividend is 3.1p (2.8p).

Exceptionals behind decline at Telemetrix

By Peter Pearce

AFTER EXCEPTIONAL charges of £2.93m, Telemetrix, the electronics and information systems group, reported pre-tax profits down from £3.47m to £273,000 for the six months to June 30.

However, operating margins climbed from 6.9 to 8.3 per cent as turnover rose to £46.8m (£41.7m) and operating profits advanced to £3.88m (£3m). Comparative figures have been restated to consolidate the Zimbabwean operations.

The group is also listed on the Johannesburg stock exchange and 49 per cent of its equity is owned by Altron and its chairman, Mr Bill Venter.

Some £2.3m of the exceptional item related to provisions against the closure of the defence-related activities in the Trend subsidiary, instigated by the new board as part of its restructure of the group. These were secure communications and encryption businesses, which, given the pressure on defence budgets worldwide since the Gulf war and the collapse of the Soviet Union, had seen a sharp contraction of activity. The benefits of the closure became effective on July 1.

The retained telecommunications services and test operations "had underlying

profitability", said Mr Tim Curtis, chief executive.

GTL, the 65 per cent-owned data communications subsidiary in the US, doubled operating profits to £2.5m on turnover up 57m at £27.7m, helped by Valor, its networking subsidiary, which lifted its sales 68 per cent to £15.8m.

With growth specially in the Far East, Zetex, the semiconductor subsidiary, also doubled profits - to £200,000 - on turnover ahead at £7m (£5.9m). In Zimbabwe, where Telemetrix makes telecom and lighting products, profits rose to £24m (£23.2m) on turnover of £13.1m (£28.2m), but on translation after devaluation there, there was a sterling fall to £400,000 (£700,000) on turnover at £1.5m (£1.8m).

Group debt was reduced to £3.9m (£4.8m), giving gearing of 23 per cent (38 per cent).

After tax kept high at £1.06m (£787,000) by the US and Zimbabwe operations and minority interests at GTI of £995,000 (£556,000), losses per share emerged at 1.8p (earnings 1.3p).

Havelock £3m funding to secure future

By Nigel Cline

HAVELOCK EUROPE, the loss-making shopping company, is seeking to secure its future by a £2.97m placing and open offer and the building of a trading alliance with SAS Holdings, a private building systems supplier.

At the same time, the Fife-based company announced a reduced interim pre-tax loss of £1.6m (£2.18m). Sir Lewis Robertson, the company director who became chairman when a new management was installed in 1989, also said he was retiring at the end of the year.

Havelock is placing 10m shares at 31p, of

which SAS is taking up to 1m, or 3.84 per cent of the increased equity. The open offer is on a 5-for-8 basis at the same price. The new shares will make up 38.46 per cent of the enlarged capital. The shares closed 1p lower at 35p.

The money is needed for a restructuring necessitated by difficult trading conditions which have seen business in the group's traditional market fall by a third between 1989 and 1991, with a further decline expected in the present year.

The programme will cut the cost base by £2.5m with asset write-offs and redundancy costs of £800,000 for which provision will be made in the second half.

In the six months to June 30 turnover fell 8 per cent to £16m (£17.5m). The pre-tax figure was helped by lower exceptional costs of £61,000 (£490,000).

There was no tax charge against a credit last time of £740,000 leaving losses per share higher at 10p (9p). The interim dividend is passed as there are no distributable reserves.

On his departure Sir Lewis said that much had been achieved since he arrived and that the company was now firmly established. That allowed him time to spend on his other commitments. He will be replaced by Mr Norman Lessels, an existing board member.

Appleyard helped by exceptional

APPLEYARD Group, the North Yorkshire-based motor dealer, reported reduced losses in its seasonally unfavourable first half to June 30.

The outcome of £1.75m in the first half of last year and was only marginally short of the depressed £1.81m achieved in the whole of 1991.

However, the latest figure was struck after an exceptional profit of £1.37m relating to the disposal of freehold property in Leeds, and interest charges reduced to £1.85m (£2.65m).

Turnover fell to £158.1m (£183.5m).

Mr Mike Williamson, chairman, said the new car market during the period was 4 per cent below last year, but the group had improved overall margins.

Contract hire and leasing lifted profits by 15 per cent and the commercial vehicle side performed "extremely well" in a weaker market.

Referring to sales in August, Mr Williamson said overall volumes were largely unchanged with the notable exception of Audi/VW where national volumes were down 33 per cent on August 1991.

The interim dividend is maintained at 2.6p, uncovered by earnings of 2.3p (2.1p) per share.

0.15p (earnings of 0.33p) per share. No interim dividend is declared.

Reduced deficit at Sentry Farming

Sentry Farming Group reported reduced losses in its seasonally unfavourable first half to June 30.

The USM-quoted group saw the pre-tax deficit cut to £286,000 from £361,000 last time. Turnover improved to £1.88m (£1.52m). The directors expect to report a profit for the full year.

Losses per share amounted to 7.14p (£1.7p).

Improved margins buoy A&C Black

Improved publishing margins and reduced interest charges helped A&C Black lift interim profits by 85 per cent.

On turnover marginally

He was confident that the production problem had been largely overcome and although conditions remained tough, the order book was strong.

The interim dividend is raised from 4p to 4.25p, payable from earnings of 15.5p (18.5p).

Lower copper prices affect Antofagasta

Antofagasta Holdings, which has interests in mining, banking, transportation and water supply in Chile, announced a 7 per cent fall in pre-tax profits from £9.6m to £8.9m in the half year to June 30.

The results were affected by lower copper prices, the company said, although prices in the second half had improved. The group's other activities maintained their contribution.

Turnover rose to £31.6m (£27.9m). Earnings came through at 23.1p (25p) per share and the interim dividend is unchanged at 6p.

Its ultimate holding company is Dolberg Finance Corporation, incorporated in Liechtenstein.

EFM Dragon assets buck dollar trend

EFM Dragon Trust had a net asset value of 12.03p at August 31, ahead from 11.75p over the year despite an unfavourable dollar/stirling exchange rate.

The trust, which seeks long-term capital growth through investments in the Far East, excluding Japan and Australia, reported net revenue of £245,000 (£329,000) for earnings of 0.11p (0.106p) per share.

The single dividend for the year is maintained at 0.06p.

The Texas stores increased both turnover and profits, helped by a relocation of the Bangor store in February and the reopening of the Galway store in April. Directors have agreed that trading conditions in Northern Ireland had "noticeably worsened" since June.

The interim dividend is maintained at 0.5p, payable from earnings of 0.91p (0.77p) per share.

The shares are traded on the USSE.

Dunlop House losses at £432,000

Dealings in the shares of Dunlop House Group, the Dublin-based property company, resumed yesterday following its inability to reach agreement on the broadening of its equity base. The company is 77 per cent owned by Clayform Properties.

The board had been attempting to achieve this by acquisition or the injection of assets, but despite protracted discussions none of the proposals was thought to reflect the value of the existing business. The shares were suspended in January.

The company also announced increased pre-tax losses for the six months to June 30 of £432,000 (£442,000), against £166,000. The result included an exceptional charge of £257,000 being the provision against a loss on the sale of two properties.

Turnover was £276,000 (£279,000). Losses per share were 2.43p (0.83p).

Baillie Gifford Japan assets down

Reflecting a weaker Japanese economy and falling corporate profits, net asset value of the Baillie Gifford Japan Trust fell by 27 per cent over the 12 months to August 31.

The figure per share declined from 596.2p to 436.9p. It had recovered to 489.8p by September 23.

The trust incurred a net deficit of £341,606 (profits of £53,964). Losses per share were 3.11p (earnings of 0.49p).

Hampden warns of worsening trading

Hampden Group, the Belfast-based company which operates Texas Homecare stores in Ireland through a franchise agreement, lifted profits to £202,000 pre-tax in the 24 weeks to June 13.

The increase from last time's £175,000 was achieved on turnover ahead 20 per cent to £14.1m (£11.6m).

Baillie Gifford Technology down

Baillie Gifford Technology announced a fall in net asset value per share from 11.3p to 7.3p, as a result of a write-down in the value of its investment in Intelligent Environment, a software company.

The trust is winding itself down by selling off its holdings and redistributing the proceeds to investors. Intelligent Environment is one of the few remaining assets.

Net losses for the six months to August 31 were £16,559 (profits of £36,220), equivalent to

Lambert Howarth margins squeezed

Lambert Howarth Group, the footwear manufacturer and importer, reported pre-tax profits down from £1.49m to £1.38m for the first half of 1992.

Against a background of a difficult UK market, sales rose by 9 per cent to £24.9m. But margins have been hit due to cancellations on UK orders in the Burnley factory, and quality problems on production using imported uppers, said Mr Roger Rowland, chairman. These combined to produce a considerable loss of margin in the second quarter.

The Investor Relations Conference and Awards

In association with the FINANCIAL TIMES

The 1992 Investor Relations Society Conference

Our Annual Rapport

Don't miss this important event in the investor relations calendar. The 1992 Investor Relations Awards takes place at The Brewery, Chiswell Street, London EC1, on 20 October 1992. It's a conference. It's a dinner. It's a dance. Above all it's the annual awards ceremony which recognises the brightest and best in UK Investor Relations.

Sponsors include:

The Nasdaq Stock Market
Brunswick Public Relations
Burson-Marsteller
Dewe Rogerson Limited
Evening Standard
Financial Times
Investor Relations Society
Mazars & Co
Professional Investor
Sampson Tyrell
The Bank of New York
Virgin Atlantic Airways

For more information or to reserve your place, please call Petra Davies on 071-490 4777
Corporate Finance Publishing Ltd, 67-71 Goswell Road, London EC1V 7EN



This advertisement is issued in compliance with the Regulations of the London Stock Exchange and does not constitute any invitation for any person to subscribe for or purchase shares.

Applications have been made to the London Stock Exchange for the grant of permission to deal in the shares of the Ordinary Shares capital of TEPNEL DIAGNOSTICS PLC, named and being issued, in the United Kingdom Market. It is requested that any application in connection with the Ordinary Shares capital to be admitted to the Official List. It is expected that dealings in the Ordinary Shares will commence on Wednesday 30th September 1992.

(Incorporated in England under the Companies Act 1985 with number 2490987)

Findings by Allied Provincial Securities Limited of 4,532,590 Ordinary Shares of 1p each at 124p per share

Authorised Shares Capital Issued and to be issued Fully paid

£200,000 In 38,000,000 Ordinary Shares of 1p each £229,125

TEPNEL has a range of radiology products and technology which includes new diagnostic

Full particulars of the Company are available in the Companies and Firms Service of the Financial Times at 37-45 Paul Street, London, EC2A 4PP from 15.00 hours on 25th September 1992, and copies may be obtained during normal business hours on any weekday (Sundays excepted) up to and including 9th October 1992 from:

TEPNEL DIAGNOSTICS PLC

Dickinson House, Dickinson Street, Manchester, M1 4LF

and at Allied Provincial Securities Ltd,

Bentley House, 94-96 Newhall Street, Birmingham, B3 1PK

St. James's Court, 34 Brown Street, Manchester M60 2JB

and Shadwell House, 4 Baddleybridge Lane, London SE21 2UT

and for collection only, up to and including 29th September 1992, from the

Company's Anticipations Office, the London Stock Exchange, Copeland Estate, off Beaulieu Lane, London, EC2N 1NH

25th September 1992

Market Myths and Duff Forecasts for 1992

"The recession is over, stock markets are in a bull trend, the US dollar will continue to recover. You did NOT read that in *Fullerton*!"

- the telegraphic investment letter

Call Jane Farquharson for a sample issue (once only)

Tel: London 71-439 4951 (071 in UK) or Fax: 71-439 4966

CAVERDALE GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 1992

CHAIRMAN'S STATEMENT

The results for the first six months of 1992 compared with those of the same period in 1991 do not fully reflect the further significant improvements in the financial health of the Company and in the underlying performance of the continuing trading operations.

I am therefore pleased to report that considerable progress has been made by Caverdale Limited and Allied Companies (U.K.) Limited in comparison with their results for 1991 as a whole. In the context of the continuing recession this has been a considerable achievement. More importantly, I believe there is further scope for improvement in earnings and consequently in trading performance in the second half of the year.

The disposal of Lavery Techniques, referred to in my statement in the 1991 Annual Report, was completed on 2nd July.

Meanwhile, the acquisition of Duxford & Humes Limited and the associated Rights Issue have both been successfully completed since the period end. The recently restructured management of Caverdale Motor Holdings Limited is already implementing its action programme in Duxford & Humes and the full financial effect of the changes should have a significant impact on next year's results.

At the holding company level we continue to reduce overhead costs, and the reduction of our Head Office in Luton in the very near future is part of this exercise. The overall benefits of the measures implemented will become particularly evident next year.

In the meantime, we have increased to an experienced management team at Caverdale Motor Holdings, and regularly have secured a significant expertise in connection with an assumed acquisition. As a small company with a strong ambition to grow, we are exposed to this type of cost but as we achieve critical mass, our trading performance will become more fully reflected in the Group's overall results.

After the dramatic events of recent weeks the corporate picture remains uncertain. I do, however, remain confident that the Group's continued progress in 1992 will result in a strong performance next year.

A. Hesterman, Chairman

30th September 1992

Six months ended 30.6.92 Six months ended 30.6.91 Year ended 30.6.91

£'000 £'000 £'000

Turnover 4,768 5,488 10,200

(1) Profit on ordinary activities before exceptional items 116 124 145

Continuing activities 116 124 145

Discontinued activities 116 124 145

Exceptional items (Note 1) 116 124 145

(1) Profit on ordinary activities after taxation 116 124 145

Taxation 116 124 145

Minority interest (Note 2) 116 124 145

Extraordinary item 116 124 145

(1) Profit attributable to shareholders 116 124 145

(1) Profit attributable to shareholders 116 124 145

Dividend 116 124 145

(1) Profit per ordinary share (Note 3) 4.11p 4.87p 11.20p

Notes:

1. The exceptional item comprises:

2. The 25% minority interest in Allied Companies (U.K.) Ltd was acquired on 2 August 1992.

3. Earnings per share are based upon the weighted average of 4,025,612,294 shares in issue for the six months ended 30.6.91 - 12,241,376 for year ended 31.12.91 - 24,371,600.

4. Auditing the Annual Report, income and expenditure, there are 121,542,977 ordinary shares in issue.

5. The financial statements are to be published in The Financial Times and The Independent newspapers on 25th September 1992.

6. The financial information set out above does not constitute full accounts as referred to in Section 254 of the Companies Act 1985.

What is the FT getting up to this Weekend?



Talking of which, there are plenty of bargains to be hunted in our 12 colourful pages of property. *Gerald Cadogan* dreams among Oxford's dreaming spires, *Audrey Powell* sets her sights higher on the snowy slopes of Switzerland and *David Hoppit* even higher with "cut price" castles and "give away" great houses.

Jancis Robinson maps out the Midi for us. She noses out, among other things, dedicated domaines in Minervois producing suave reds, exotic, soft, dry whites from French Catalonia, and slightly wild, intensely savoury Corbières. And her price range – a very palatable £3 to £5.

Giles MacDonogh scours the bars and restaurants of Munich in search of Schickimickis making Bussi Bussi . . . but fails. He is consoled with carpaccio of tuna,

zauschneria and schizostylis, all of which he assures us are easier to grow than to pronounce.



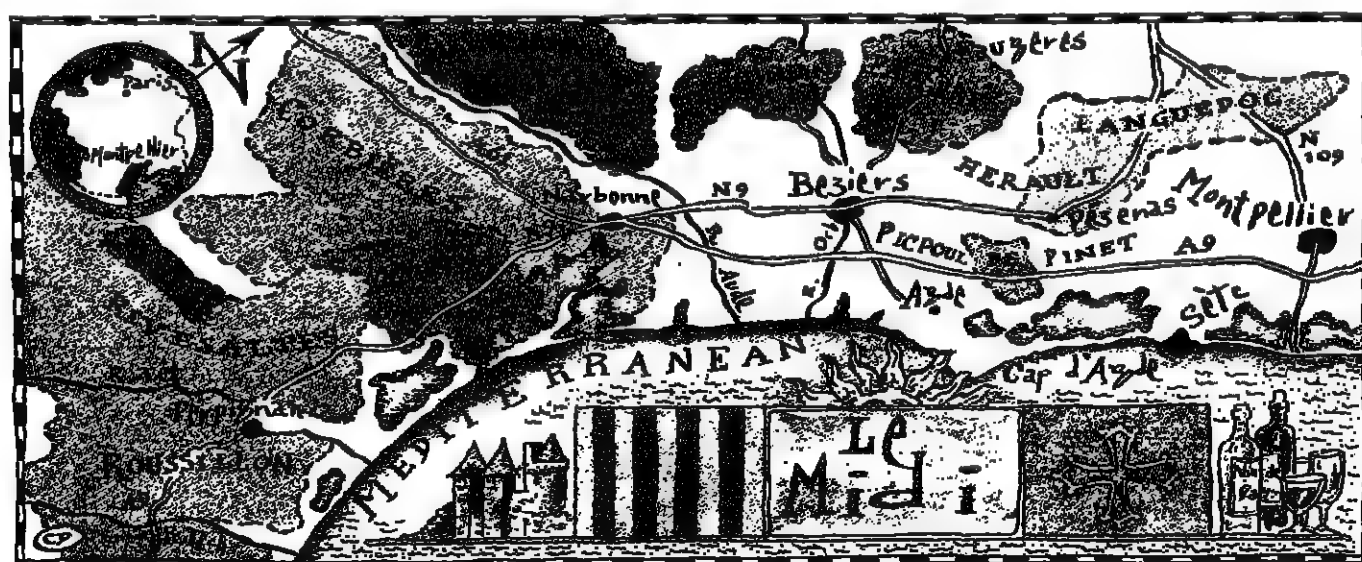
It's biography week on the Books page where three major works on three major figures come highly recommended. They are Bertrand Russell, Benjamin Britten and Jacob Epstein.

On the fashion page, *Daniel Green* tries on off-the-peg business suits with a little help from his man in Savile Row. Their favourite, an Yves St Laurent, sits perfectly

"She was raven-haired and dark-eyed, as attractive a woman as I had ever seen in Saxony". As *Leslie Colitt*, Berlin-based FT correspondent for East Germany, Czechoslovakia and Hungary since 1972, reads his own Stasi file that's how he remembers Beate, the beautiful informer to whose charms he succumbed.

They codenamed him Caesar and placed him under surveillance as an imperialist spy. And for the next decade, the likes of Beate, Bertram and the engaging Frau M kept a watchful eye on his every move.

In the wake of the economic U-turn and post ERM, Finance and the Family explains the effect of Tuesday's one percentage point base rate cut on mortgages, personal investments and the property market.



salad of venison, sweetbreads and kidneys and Rote Grütze with walnut ice. *Jill James* scales a 6,000 ft extinct volcano for cheese and biscuits.

Robin Lane Fox tells gardeners how to be "artful in autumn" with zephyranthes,

– even if the £735 price tag doesn't.

Meanwhile, in *Hawks & Handsaws*, *Michael Thompson-Noel* busies himself arranging new identities, new fingerprints, indeed whole new lives, for Norman and John . . . but does he succeed? Find out tomorrow.

Pick up your copy of Weekend FT this Saturday and join us.



Weekend FT

RECRUITMENT

JOBS: Controversy over vitamins and intelligence resembles disputations about angels on pinheads

RIGHT then, as Jobs-column readers are evidently so clever, perhaps you would like to have a try at this puzzle. Like the one I printed eight weeks ago—which many of you said was too easy—it is a coded division sum, the task being to find the original numerals. But there is a noteworthy difference. Last time, each figure was represented by a particular letter of the alphabet, which always denoted the same figure wherever in the sum it occurred. Today, except for a single occurrence in the "answer", all the numerals are represented by the symbol X.

If any of you can't wait to try the problem, however, please read on afterwards because it has a bearing on serious questions raised by a controversial trade descriptions case being heard by magistrates in Shrewsbury.

XXX XXXXXXXX
XXX
XXX
XXXX
XXXX

The link with the trade descriptions case lies through something many people clearly

Much ado about nothing of real import

By Michael Dixon

think highly important, not least in selecting people for desirable jobs: the gauge of mental ability known as Intelligence Quotient.

Although the problem does not appear in any IQ tests as such, it calls for the same sort of reasoning that they assess. In this case, since no words are involved, the reasoning required is of a non-verbal kind.

Non-verbal reasoning is also at the hub of the Shrewsbury case, which originates with a study by psychologist David Benton of University College, Swansea.

After IQ testing two groups of 12-year-olds, he fed one set pills containing a mixture of mineral-vitamin supplements, and the other set pills which while they looked alike were just placebos, with no real substance. On being re-tested eight months later, both groups scored higher in non-verbal IQ. But the average gain of those given the supplements was about seven points greater than the gain of the placebo group.

The findings, revealed in 1988, were featured on TV. Parents flocked to buy the same mix of

supplements, enterprisingly marketed as "Tandem IQ" by Larkhall Laboratories of London. Then, although Dr Benton's results were supported by other studies, there appeared further research denying that such supplements increased IQ. And now, since Larkhall has gone on marketing its product in much the same style, it is being accused in Shrewsbury of infringing the Trade Descriptions Act.

But while sympathising with the magistrates trying to judge between clashing researchers, the Jobs column is not concerned with the case itself. The only question that bothers me is what apart from achieving it in an IQ test — does an extra seven or so points on the scale enable anyone actually to do?

Try as I might, I cannot find anything. For example, although IQ-type testing is evidently one of the better tools for recruiting for jobs requiring mental skill, I'm authoritatively assured that a seven- or eight-point difference would be within the margin of error, and not enough to count.

My extracts focus solely on executives ranked immediately below director, except in small companies where they could be on the board while doing similar work, and show both salary and total money pay including

bonuses. To allow for rises since the survey, all cash figures should be upped by 0.33 per cent. Regional variations from the overall median salary of £30,000

were: Higher — London by 20 per cent, and Scotland by 10.8. No variance — South-east England. Lower — Northern Ireland by 3.3 per cent, west midlands by 3.3,

south-west England by 6.1, east-ern counties by 6.7, north-west by 7.6, and north-west by 8.3. Variations from the median by company sales were: Higher — £100m-plus by 22.1 per cent, and £40m-£100m by 2.5. Lower — £15m-£40m by 3.2 per cent, £5m-£15m by 7.6, and up to £5m by 16.7.

Rank One — Most senior executive below rank of director inc.	Lower quartile		Median		Upper quartile		% with company cas
	Basic salary £	Total money reward £	Basic salary £	Total money reward £	Basic salary £	Total money reward £	
Legal advice	29,864	31,715	35,381	36,581	51,222	51,222	75.6
General management	28,088	28,700	34,800	35,000	41,570	44,938	88.2
Company secretariat	28,213	28,783	35,124	35,600	43,000	45,410	82.3
Finance & accounting	28,541	29,122	33,000	33,771	38,000	40,613	83.6
Surveying/construction	24,938	25,429	27,500	27,500	32,618	33,308	86.0
Marketing	27,998	28,700	31,980	32,580	37,545	39,000	82.9
Advertising & PR	24,770	24,779	30,900	31,000	38,770	41,182	87.8
Data processing	26,680	26,125	30,531	30,080	37,320	38,200	77.0
Sales	25,270	26,291	30,000	30,532	35,958	37,869	85.8
Distribution	22,545	24,099	29,000	30,000	37,328	37,981	83.6
Personnel	25,171	25,553	30,300	30,361	35,850	37,015	74.9
Administration	25,075	25,582	28,400	28,422	34,798	37,215	87.8
Scientific/technical dept	36,125	36,125	28,816	27,141	34,988	34,988	72.5
Planning	26,244	26,244	30,300	30,300	35,298	35,298	80.7
Research & development	24,500	25,173	29,000	29,500	34,000	34,500	72.5
Purchasing	23,940	24,198	27,500	28,487	34,290	34,290	82.8
Engineering	24,278	25,007	28,186	27,531	34,132	34,433	76.0
Management services	22,525	22,529	27,388	27,388	33,518	33,518	70.1
Protection	22,840	23,125	27,000	26,800	31,329	31,988	78.5
Quality assurance	23,000	23,000	28,200	28,283	30,358	31,000	83.0
All Rank-One execs	25,127	—	30,000	30,584	36,805	—	80.6

Investment Manager

Venture Capital

£40,000-£60,000

West End

Outstanding opportunity for mature young investment professional to join prestigious venture capital business, investing in the US. Participate in an exciting stage of growth.

THE COMPANY

- Well funded, soundly backed, UK venture/development capital house.
- First fund successfully invested, second fund to be launched in early 1993.
- Small team of seasoned investment directors with outstanding reputations.

THE POSITION

- Total involvement in monitoring current investments, finding and analysing potential deals and making investment recommendations. Clear career progression.
- Focus on equity investments in medium-sized US companies, in manufacturing and service sectors.

- Develop close relationships with professional contacts, co-investors and investee management teams in the US.

QUALIFICATIONS

- Aged 30-35. Mature, resilient, self-reliant professional. Previous investment experience may have been gained in Corporate or Banking environment.
- Graduate, preferably ACA and/or MBA. Must be energetic, diligent and prepared to undertake extensive travel to the US.
- First class interpersonal and communication skills essential. Must have rigorous analytical and PC and spreadsheet skills.

Please write, enclosing full cv, Ref 13716PT
54 Jernyn Street, London SW1Y 6LX



NO SELECTION LTD - a Norman Broadbent International associated company
LONDON 071 493 4392 • BIRMINGHAM 021 233 4656 • SLOUGH 0753 819227 • BRISTOL 0272 391142
GLASGOW 041 204 4354 • ABERDEEN 0224 628880 • MANCHESTER 0625 530955

HEAD OF PRIVATE CLIENT
PORTFOLIO MANAGEMENT SERVICES
HONG KONG BASED

Matheson PFC Limited, part of the Jardine Matheson Group, wishes to appoint an investment professional to head its private client portfolio management division which currently advises more than 5,000 clients in 63 countries around the world.

Matheson PFC has more than US\$500 million under advice and management adding value to clients' portfolios by informed asset allocation and selection of the best performing unit trusts and mutual funds. Our preferred method of participation in the financial markets is via unit trusts and mutual funds.

The successful candidate:

- A graduate aged 28-45 is preferred although suitably experienced investment professionals without a degree will be considered.
- Experience in management of client portfolios with a particular emphasis on internationally diversified accounts.
- A total commitment to clients combined with excellent verbal and written communication skills.
- Ability to manage and lead a team of four managers and supporting staff.

Matheson PFC is headquartered in Hong Kong and has offices in S.E. Asia, Sydney and London. The appointment is Hong Kong based and the Manager will play a key role in the asset management function which complements the Group's unit trust broking and other financial planning activities.

For further information, contact:

Kate Henderson, Matheson PFC (London) Limited
Jardine House
6 Crutched Friars
LONDON EC3N 2HT, U.K.
Telephone: 071-528 4000



to whom applications and C.V.'s should be sent.

M.P. Tagg, Managing Director, will be in London at the beginning of October to conduct interviews and to provide further information on this career opportunity.

An outstanding opportunity for a senior Credit Specialist in . . .

Risk Management

Our client is a prime European bank with a sizeable credit portfolio, including a wide spread of business with large UK corporates.

In order to effectively manage this portfolio the bank has a Risk Management Team, which is part of a Credit Control function. This is responsible not only for financial analysis, structuring of facilities and documentation, but also direct involvement in debt restructuring.

This team now seeks to expand and requires an

additional officer to augment the existing structure.

Ideally candidates will be career credit specialists aged between 35 and 45, with extensive exposure to the UK corporate sector and comprehensive experience of workout situations. They will also possess the gravitas and credibility to deal effectively with senior bankers, both internally and externally, and where appropriate, with the Finance Management of major corporates.

The remuneration package reflects the importance attached to the post.

If you are interested in pursuing this opportunity, please call Niall Macnaughton on 071-248 3653, or write to him at BBM Associates Ltd. (Consultants in Recruitment), 76 Wading Street, London EC4M 9BJ. Alternatively use our confidential fax on 071-248 2814. All applications will be treated in the strictest confidence.

76, Wading Street, London EC4M 9BJ



Tel: 071-248 3653 Fax: 071-248 2814

The Nippon Credit Bank, Ltd.

The Nippon Credit Bank, a Global Financial Engineer well known for sophisticated business development, is seeking to recruit the following staff:

Corporate Finance Manager
Corporate Finance Officer
Head of Credit Administration
Marketing Officer

(Applications are welcome from individuals with marketing experience in Europe).

Successful candidates will possess strong proven credit skills and be able to demonstrate a significant record of achievement from their careers to date. We recruit team spirited and hardworking individuals who possess a high degree of integrity and discipline.

In return an attractive salary is negotiable and excellent banking benefits.

Replies will be treated in the strictest confidence. Please send your CV to: Anne Williams, Personnel Officer, The Nippon Credit Bank, Ltd., City Tower, 40 Basinghall Street, London, EC2V 8DE.

To £100,000
+ bonus + benefits

Major International Bank

City

Head of Corporate Finance - Eastern Europe

A new position for an experienced Corporate Finance generalist to join this respected and profitable global institution. The Bank has been successful in generating fees from the Emerging Markets and has an excellent presence in certain countries. The objective is to expand the Bank's business through involvement in the privatisation process and act as the senior Corporate Finance specialist for the region.

THE ROLE

- Formulate and carry out the strategic plan for expanding the Bank's franchise in the Eastern and Central European states, CIS, Pakistan, Greece, Turkey and Egypt, reporting to the Head of Corporate Finance for Europe.

- Generate fee based revenue, primarily by winning and executing privatisation mandates working closely with the Bank's established M&A team and global network.

- Act in a generalist capacity by introducing potential leads to other Corporate Finance and Capital Markets specialists.

THE QUALIFICATIONS

- Senior banker, with a minimum of 8 years Corporate Finance experience. Knowledge of privatisation process and M&A essential. Exposure to Eastern Europe preferable.

- Demonstrable history of deal origination and execution with sound transaction management. Strong marketing skills with the energy and enthusiasm to build a network.

- A collegiate approach. Considerable stature and impact. Well-rounded personality with stamina and tenacity.

London 071 973 8484
Manchester 061 437 0375

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to:
Selector Europe, Ref. 97146092L
16 Cornhill Place,
London WC2R 2ED

MAJOR
INTERNATIONAL
SECURITIES HOUSE SEEKS
ASSOCIATE TO SELL
LATIN AMERICAN DEBT
INSTRUMENTS TO
EUROPEAN INVESTORS.

The successful applicant will have strong marketing skills, an established base of European investors, a strong knowledge of Latin American debt instruments and language proficiency in Spanish and/or Portuguese. Substantial package in the region of £50,000. Please reply to Box No: A1952, do The Financial Times, One Southwark Bridge, London SE1 9HL.

EUROFIN SEEKS

Financial Analyst and Negotiator to help develop, evaluate and finalise shipping related transactions involving Norwegian principals. Salary c. £17,500 p.a. The successful applicant will have:

- Commerce degree or equivalent
- Fluency in Norwegian, good knowledge of other Scandinavian languages as well as either German/French
- Detailed knowledge of Norwegian tax and lease finance in general and as it relates to shipping in particular
- Strong connections with Norwegian shipping interests.

Please apply in writing, enclosing CV to:
Eurofin, Mercury House, 195 Knightsbridge, London SW7 1RE

Risk Management
c.£35,000

U.S. house with an outstanding capital markets track record is aggressively expanding to meet growing business demands. You will be managing risk exposure, creating and presenting solutions to clients, and providing strategic advice to traders.

To succeed you will have a quantitative background and be educated to degree level (minimum 2:1). At least 2 years financial sector experience is essential - preferably with exposure to derivative instruments including swaps, options and futures.

You will also possess commercial acumen, excellent written and interpersonal skills and be able to demonstrate the ability to think laterally. This is an exciting opportunity to grow within an innovative, sophisticated and energetic team.

Contact Pascale Butcher or Julie Byford on (071) 583 0073 (day) or (081) 740 5934 (evenings and weekends) or write to 16-18 New Bridge Street, London EC4V 6AU.

BADENOCH & CLARK
recruitment specialists

The Top Opportunities Section
appears every Wednesday. For advertising information call:
Clare Peasnell 071 873 4027
Elizabeth Arthur 071 873 3694

مكتبة القاهرة

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Managing Director

Private Client Stockbroking

North West

This well established stockbroking firm enjoys a long-standing reputation as a leading agency house and services a loyal client base in the North West of England. Its parent company is a highly respected and successful financial institution that has actively supported the business with considerable investment in technology, enabling quality research and efficient administration. It wishes to exploit these advantages and further develop the business in a professional and structured manner.

There is a need for an accomplished, senior broker to lead the current team and take profit responsibility for this operation which is an important office within the existing branch network.

The appointee will be expected to demonstrate an established network of clients within the region and be able to further develop long-term client relationships through integrity, sound judgment and efficient service. In addition to generating revenue,

the individual will also be responsible for all management issues within the branch.

Probably aged 40 to 50, candidates will have a first-class reputation as a successful stockbroker with relevant regional contacts. Personal qualities must include stature, determination, self-confidence, integrity and energy. Strong leadership and communication ability are also needed to inspire confidence and respect from both colleagues and clients.

The excellent remuneration package will comprise the usual executive benefits, including a substantial performance-related bonus, and will not be a limiting factor.

Interested applicants should write, enclosing a detailed CV, to James Hyde at the address below, quoting reference number 138J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB. FAX: 071-287 2821. TELEPHONE: 071-287 2820.
A GKR Group Company

HEAD OF PUBLIC POLICY CONSULTANCY UNIT

BRUSSELS

Our client, a major European international law firm wishes to appoint a highly qualified person to manage and develop its Public Policy Consultancy Unit in Brussels. This is a new appointment and offers a real opportunity to someone who is likely to have experience of working at a senior level in one of the institutions of the European Community, in an Embassy or Permanent Representation or in relevant related work.

The person appointed will be responsible for advising the firm and its clients on policy developments within the European Community and will assist the firm's lawyers and clients in influencing the development of that policy.

The post would suit someone who:

- is ambitious and keen to build up the unit
- is a lawyer or is happy to work in a legal environment
- has appropriate linguistic skills
- has a sound knowledge of the internal working of European Community institutions
- is prepared to travel and make contacts in Brussels and throughout Europe.

The firm is strongly committed to this development and will provide solid support for the person appointed.

There will be an appropriate remuneration package and the possibility of advancement within the firm.

Please send a comprehensive CV quoting reference FT/103 to: Robert Patis, Withers Diamond & Wood Bridge Ltd, Kent House, Market Place, London W1N 7AJ. Fax 071 255 5125.

WD&WB
WITHERS DIAMOND & WOOD BRIDGE
RECRUITMENT ADVERTISING

BANKING FINANCE & GENERAL APPOINTMENTS

ARABIC FUNDS MARKETING EXECUTIVE

c.£50,000 + benefits

We represent an international bank with considerable standing in the Middle East. From its London head office, the bank currently manages a multi-billion dollar portfolio consisting of both institutional and private funds placed within the international currency, fixed income and equity markets.

On its behalf, we seek an investment marketing executive with extensive knowledge and contacts with the financial community in the Gulf. This individual will be given the brief to develop a wider range of relationships in the area and increase the size of funds under management. Applicants must also be Arabic speakers and preferably MBA or professionally qualified.

Please contact Roger Stears, Director of Executive Recruitment on 071-623 1266 or write to him at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-625 5259

JONATHAN WREN INTERNATIONAL
LONDON BAHRAIN

Appointments Advertising

Appears every Friday (in the International Edition)

Wednesday and Thursday (in the UK Edition)

For further information in North America please call JoAnn Gredell on 212 752 4500 or write to her at 14 East 60th Street New York NY 10022

FINANCIAL TIMES
LONDON & NEW YORK

BUSINESS RESEARCH ANALYST

Pall Mall, London

Pera International is one of Europe's largest and most successful management and technology consultancies, providing help and advice to companies in all sectors of industry.

The last 5 years have seen a substantial growth in the size and scope of our business, and to continue this trend we have recently established a Business Research Unit at our Head Office in Pall Mall.

The purpose of this Unit is to research into areas of strategic and international interest, to publish the findings, and to provide business development support for the organisation as a whole.

We are now looking to recruit an additional Analyst into this central team. Candidates must be graduates, ideally 25-35, with excellent analytical and research skills. Experience of working in a consultancy or business research organisation would be an advantage, as would foreign language skills. In return, we offer an excellent remuneration and benefits package.

Please write to Mike Thompson at our Head Office, 54 Pall Mall, London SW1Y 5JH. We will then ask you to complete an application form, so there is no need for you to submit a full CV with your original letter.

Please note: To be considered, your application form must reach us no later than Wednesday 7th October.

pera International

Global mobile satellite communications

Financing systems for the next century

Based London

Excellent salary + benefits

Inmarsat is a commercially-oriented international co-operative backed by 65 member states which provides mobile global satellite communications for commercial and distress and safety applications at sea, on land, and in the air. In maintaining its role as the world leader in its field, Inmarsat is developing new communications products and determining the appropriate satellite and gateway investments to support them. These two appointments will have key roles to play in safeguarding Inmarsat's financial interests in all major systems developments.

CAPITAL APPRAISAL OFFICER
Interfacing with legal, technical and procurement colleagues, you will be responsible for the financial elements of major procurements through all phases: from initial studies through competitive procurements, evaluations, selections and negotiations to contractor's signature. You

will also be responsible for the financial risk management of Inmarsat's space segment and its insurance requirements.

Qualified to degree level or equivalent, your considerable ability has been developed during a successful career which encompasses experience of competitive procurements and business/project financial analysis, preferably working closely with technical departments in the mobile telecommunications/satellite/aerospace industry. Excellent report writing and computer skills are essential. Ref: CAO/MS.

SENIOR FINANCIAL OFFICER
Your principal tasks will involve you in evaluating the strategic choices and investment alternatives facing Inmarsat and directing the maintenance and improvement of a corporate simulation model; monitoring the corporate financial structure and the financial impact of alternative models, assessing differing financing alternatives available for funding future major capital expenditures, including innovative financing techniques.

With a degree in business, economics or finance, your minimum of five years' relevant financial experience in the communications industry has given you a solid understanding of financial analysis techniques and experience of modelling programs. Commercial acumen, a high level of analytical skill, logical problem-solving ability and financial management reporting experience are essential; experience with different funding approaches and Treasury operation would be an asset. Ref: SF/MS.

An internationally competitive tax-exempt remuneration package, which has attracted staff from 52 countries to our cosmopolitan London office and reflects the high level of competence, experience and qualifications required, will be offered. To apply, please fax or mail full career details, quoting the appropriate reference on the letter and envelope, to: Mike Thompson, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR, England. Facsimile: +4471 333 5050.

Inmarsat

Fixed-Interest Futures and Options Sales Specialist

Attractive salary + banking benefits

UBS Phillips & Drew Futures and Options Ltd, part of the UBS Group, is the leading institutional broker on LIFFE. We are looking for a Futures sales specialist to service an expanding high quality institutional client list. You have proven sales ability, are highly motivated, numerate and articulate. You are likely to be in your twenties and have at least three years sales experience in Futures or related cash and derivatives markets. A team player, you will have every opportunity to take full advantage of the career development potential that exists within this major global bank.

Please send full career details to Barbara Turner, Personnel Manager, UBS Phillips & Drew, 100 Liverpool Street, London EC2M 2RH.

UBS
UBS Phillips & Drew

INTERNATIONAL SECURITIES HOUSE

SENIOR COMPLIANCE ROLE

To £65,000

One of the world's largest financial institutions and a market leader in underwriting, distributing and trading securities and in investment banking, our Client seeks an experienced compliance officer to manage/run its highly regarded Compliance Department.

The Department is actively involved in all business areas, providing advice and support on all aspects of the regulation of international securities markets. The business areas which are served by compliance include bond, equity and derivative sales and trading, syndication, corporate finance, research and fund management.

The successful candidate will ideally have a thorough grounding in regulations concerning financial services, including those relating to the Securities and Futures Authority, IMRO and the London Stock Exchange. Significant regulatory experience is required, probably gained with a major securities house or investment bank. With responsibility for managing a team and liaising closely with senior management, it is essential that the successful candidate can also demonstrate sound judgement, proactive problem solving and excellent communication skills.

This is an exciting opportunity to take a prominent role in this major company. A very competitive package will be offered, including insurance benefits, a good pension scheme, mortgage subsidy and discretionary bonus. There are excellent opportunities for further career advancement.

For further information in complete confidence, please contact Alistair Dougall or June Mesrie on 071-405 6062 (081-340 7078 evenings/weekends) or write to them at Quarry Dougall Commerce & Industry Recruitment, 9 Brownlow Street, London WC1V 6JD. Confidential fax: 071-831 6394.

QD
QUARRY DOUGALL

UNITED KINGDOM - HONG KONG - NEW ZEALAND - AUSTRALIA - USA

WE CAN TELL YOU WHAT YOU CAN DO!

Our tests of aptitude and interests reveal your strengths, and which career will give you most satisfaction. Find out at any age what you really can do.

Free brochures
CAREER ANALYSTS
80 Grosvenor Place, N.Y.
071-435 5452 (24 hrs.)

TRAINEE PARTNERS

Limited positions for ambitious individuals to work within specialist team of an Associate to a major world-wide organisation.

Full training with potential for partnership and profit share within 12 to 18 months.

Suitable for experienced Graduates and Professionals.

For further details please call John Kilburn-Toppin 071-240 4942

BANKING FINANCE & GENERAL APPOINTMENTS

DERIVATIVES

Excellent Package

City

Bankers Trust Company, a market leader in the development, origination, sales and trading of derivative instruments – is also at the forefront of credit risk management. To maintain this position they have a specialist team responsible for managing derivative related credit risk.

Situated on the trading floor, the team works closely with capital markets professionals and recommends strategies for managing credit risk with counterparties.

A new post has been created to complement the existing team and will involve:

- Assessing the bank's total exposure to, and financial strength of, a counterparty.
- Identifying methods to mitigate risk.
- Recommending and assisting implementation of risk reduction strategies.

This is a demanding post and success will require: strong quantitative skills, an understanding of derivative instruments, their structures and the benefits of master agreements (ISDA), general knowledge of credit lines and systems and spreadsheet modelling skills.

However, strength of personality is as important and should be coupled with energy, tenacity and diplomacy, as a good rapport must quickly be established with a diverse group of people.

Candidates must also be articulate, capable of selling ideas and possess the maturity to react positively in a constantly evolving environment.

The breadth of this high profile role will ensure excellent opportunities for future career progression.

If you are interested in pursuing this unique opportunity, please call our consultant Niall Macnaughton on 071-248 3653, or write to him at BBM Associates Ltd. (Consultants in Recruitment), 76 Watling Street, London EC4M 9BJ. Alternatively use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.



Bankers Trust Company

A screen based financial information service company to currency and fixed income dealing operations worldwide is seeking a

EUROPEAN MARKET ANALYST

- To join our London based team. He or she must have:
- A degree in Economics.
- 5 years experience as Economist, preferably with a city institution. Emphasis is on knowledge/experience of International Bonds and on coverage of European Economies.
- A high degree of market sensitivity - as the service is continuously updated on-line, quick reaction time, analytical ability and effective communication skills necessary for writing specialist economic commentaries.

The right candidate will have an opportunity to take over responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance please forward your CV to:

Nicola Carby
Riedel & Co., Inc.
Jennison Wharf, Station 3 & 4, London SE1 2YU
Telephone: 071 378 0675 Fax: 071 257 7845

LAWSHARE

New securities dealing firm
Location - Kent

Currently applying for regulatory approval, LawShare has been founded by substantial legal/professional firms with in-house fund management businesses. It will execute/seize transactions, and procure research, for a wide range of Agent firms at attractive cost through controlled and systematic operations.

Opportunities exist for the following important appointments:

Chief Operations Officer

Remuneration: c£30k package + options

To be LawShare's Senior Executive Officer, combining the roles of Finance Director and Compliance Officer (per SFA), reporting to part-time Managing Director. Responsible for day-to-day operations including quality of services to client Agents, finances, operational efficiency, regulatory reporting and TAURUS plans. Directorship and options envisaged after probationary period.

Settlements Manager

Remuneration: c£20k package

Responsible to COO for management of key settlements and compliance functions. Min 5 yrs broad experience of TALISMAN and preferably international settlements with exposure to compliance procedures. Familiarity with Consort Data SDS system an advantage.

Dealer

Remuneration: c£20k package

Responsible to COO for dealing services to Agents plus supervision of research distribution. Min 5 yrs general dealing experience covering gilts/equities, current SFA Reg Rep status. Systems proficient and prepared to work as part of multi-disciplinary team.

Availability from November 1992 required.

Write with CV/salary/ references to:

A B Greayer, Chairman-elect, LawShare, Edenshaw House, Sherborne St-John, Basingstoke, Hants RG24 9HZ

INVESTORS
CHRONICLE

COMPANIES WRITER

We require an investment analyst/financial journalist. The job is an interesting and responsible one, analysing the performance of major quoted companies and giving an informed comment on the shares. Each company writer has his/her own sectors but is expected to work as a member of the team.

Candidates need to be able to interpret a company's financial performance, assess its likely effect on the share price, and put this into clear, concise and entertaining language while meeting demanding deadlines.

Please send applications with CVs to:
The Editor, Investors Chronicle
Greystoke Place, Fetter Lane
London EC4A 3ND

CORPORATE BANKING

Swiss Bank Corporation, a fully integrated international bank, offers a complete range of high quality investment banking services through its global network.

Our continued success necessitates the expansion of our corporate banking group within the Merchant Banking division in London.

Working with the Investment Bankers and supported by a team of credit analysts, you will handle the credit related business activities for a substantial number of leading UK corporates.

A graduate aged 28-35, you will be credit trained, ideally with a major international bank, and have at least 3 years relevant experience; and a proven record of success. Ideally you will be familiar with capital market and risk management products. A second European language would be advantageous.

The position offers excellent scope for further career advancement together with a highly competitive remuneration package.

Please write with full personal and career details to:

Mike Davies,
Swiss Bank Corporation,
Swiss Bank House,
1 High Timber Street,
London EC4V 3SB.



Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse

EUROPEAN FUND MANAGER (C.T.A.)

Central London

A small SFA registered Trading Advisor requires an entrepreneurial trading and marketing talent to help take the company forward to its next stage of development. The emphasis is on trading skills and the ability to attract funds. The company has a strong bias for fundamental/ arbitrage style trading. A strong background in Futures and Options markets is essential. The Company

High base + Performance Bonus + Equity

will offer a competitive base salary, a bonus tied to trading performance as well as equity ownership potential. The Company is backed by a private UK based international finance and investment group.

Interested applicants should telephone Jonathan Cohen or Frances Bell on 071-493 0972 (fax 071-413 0976) or write enclosing a detailed CV at the address below.

12 Curzon Street
London W1V 7FJ
LONDON PARIS



Tel: 071-413 0972
Fax: 071-413 0976
MADRID

ACCOUNTANCY APPOINTMENTS

Qualified Accountant

To offer a Treasury advisory service
to Local Authority clients

In recent years, UBS Phillips & Drew, part of the triple A rated Union Bank of Switzerland, has established market leadership in the provision of Treasury consultancy and advice to a wide range of Local Authorities. A small, highly professional and committed team has developed this fascinating niche, both marketing the service and ensuring long term business by the quality of advice offered. We are looking for a young graduate accountant to join this team. Candidates should be of the highest calibre, with accountancy experience extending throughout the Treasury function, PC literacy, broad ranging business understanding and a high level of inter-personal skills. Although a CIPFA qualification would obviously be appropriate, we will be interested to hear from members of other accountancy bodies who can demonstrate these other strengths. Most positions nowadays demand hard work and a conscientious approach, but here the long hours involved, and the need to travel throughout the UK from our City base, make that requirement very clear. The rewards are the opportunity to become involved with the undoubted market leader in a fast developing market, and the security associated with a bank of our stature; as you would expect, the attractive salary is supplemented by a benefits package of the highest level.

Please send full career details to
Lorna McArthur, Personnel Manager,
UBS Phillips & Drew,
100 Liverpool Street,
London EC2M 2RH.

Financial Controller
The Netherlands

c.£55,000 (equivalent) + car + relocation

Our client, a major UK plc, is a world leader in the food, drink and hospitality sectors, with a comprehensive distribution network spanning all five continents. Recent growth in its European operations has led to the need to recruit a high calibre Financial Controller capable of managing the diverse activities of the Group's Dutch-based investment holding and finance company.

In this newly created position, reporting directly to the UK, you will act as the financial lynch-pin between group head office and its European central operations. Your ability to harness the potential of the existing finance team will be key to your success in overseeing all aspects of financial accounts preparation, management reporting, treasury management and statutory accounting relating to the Dutch operation. A vital facet of your role will be to forge a strong collaborative relationship with the internal tax specialist, advising, in particular, on the financial implications of European acquisition and disposal activity. Up to date technical knowledge will enhance your credibility in this regard.

A UK qualified graduate chartered accountant, likely to be in your mid to late 30's, you will have subsequently gained extensive commercial accounting experience and have already worked in an international context, either in Continental Europe or within the UK subsidiary of a European company. You are energetic, team-spirited and a born problem solver, with first class leadership skills and an infectious enthusiasm. Success in this high profile role will guarantee access to a wealth of career development opportunities throughout the Group's UK and international operations.

Please write, in confidence, enclosing full career and salary details to Tim Knight, quoting reference A7951.

KPMG Selection & Search
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

ROBERT
HALF
&
FINANCIAL
TIMES
INVITE
YOU TO A
FREE
BUSINESS
BREAKFAST

If you wish to attend this free breakfast, please write to Rachel Nelson at Robert Half, Freepost, Walter House, 418 The Strand, London WC2R 0BR (Telephone: 071-836 3549)



THE HUMAN FACTOR

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPERCOMPETITIVE
ADVANTAGE

Can a Personnel Function really
add value to your business?

on Wednesday 14th October 1992
At The London Marriott Hotel, Grosvenor Square,
London W1 8JFam - 930am

This Robert Half Breakfast Briefing will be given by Terry Nolan, Personnel Director of Lever Brothers - the international soaps, detergents and hygiene business.

The talk will cover:-

- a review of companies personnel strategies during the 1980's and during the present recession.
- the differences between services based on personnel organisations and those which concentrate on designing for the future.
- what is 'competitive advantage' personnel management and what is its place in business strategies.
- the outlook for the post recession 1990's and what that could mean for CED's and personnel functions.

the critical success factors for competitive advantage in the employment market of the 1990's.

Terry Nolan's career has spanned a wide spectrum of personnel roles within the Unilever group ranging from employee relations assignments in large scale manufacturing units to brown-field redevelopments, and from management development and training to specialist remuneration assignments. He has been involved in major change programmes most of his career. His special interest is in redesigning human resource strategies as part of an integrated business process. He is a regular speaker at seminars and conferences.

Places at the Breakfast are strictly limited.

GROUP CREDIT MANAGER

Istock Building Products Limited is the UK manufacturing subsidiary of Istock Johnson plc, an international building products company, with 13 plants in the UK.

We require a Group Credit Manager to join the Head Office finance department who will be responsible for the central credit control department and liaison, co-ordination and advice throughout the group on all credit matters.

The position requires an ability to deal with all levels of management as well as handling negotiations with customers. The applicant should have experience in the construction industry and be a member of the ICM.

The remuneration package will be consistent with that of a large company and will include a company car. Interested persons should write enclosing a detailed C.V. together with current salary to:

Mr G R Bull, Istock Building Products Limited, Leicester Road, Istock, Leicestershire LE67 6HS



Handwritten note in Arabic script.

ACCOUNTANCY COLUMN

Matters of doubt as results hit the deck

Andrew Jack reports on worries over accountancy exam standards and the 'Friday night scramble'

HUNDREDS OF bleary-eyed trainee accountants woke up last Saturday knowing whether or not they had passed their exams before opening the results letter lying on the doormat.

While their immediate concern was celebration or commiseration, their experience raises one of several wider questions over the existing exam process.

The timing of the publication of results was one issue for the more than 4,000 people who sat the PE2 final professional exams for the Institute of Chartered Accountants in England and Wales in July.

Most important was the result. In line with a relatively consistent trend in the past few years, the pass rate among the 4,063 candidates was 52 per cent, with 15 per cent referred because they failed one of the four papers.

This did not go unnoticed by Mr David Hunt, chairman of the institute's education and training directorate. "While the best-qualified candidates acquitted themselves very well, the overall pass rate remains modest and we should like to see it improve," he said in a statement accompanying the results.

Intriguingly, the pass rate is

substantially lower than in some other professional institutes, such as the Institute of Chartered Accountants in Scotland. More 80 per cent of candidates for its exams passed last time.

That might raise questions over the marking policies used. But Mr Phil Armitage, director of education and training at the English institute, insists standards are fixed, so it is the pass rate alone that varies.

Mr Graham Hamblly, editor of Pass, a monthly magazine for trainee accountants, says he is surprised by Mr Hunt's remarks about the need for improvement, given that the trend has been relatively stable - and was higher this year than many others in the recent past. "People have very short memories," he says.

While the institute lays stress on the number of students who ultimately pass after a number of attempts - which is much higher than half - he focuses attention on the frustrations for those who fail in the interim.

He says a survey by his magazine showed that 92 per cent of students wanted a "marking service", such as that offered by other professional institutes. Rather than simply receiving a slip telling students that they have failed a paper,

the service would, for a fee, go through the answers and explain where candidates had erred.

Meanwhile, there is concern from students and a number of training managers in leading accountancy firms over the way the results are published.

Under the current arrangement, the institute sends out letters to every applicant on Friday, and at the same time distributes copies of the complete list of results to interested organisations.

Results appear in the Saturday edition of the Times, alongside job advertisements for those who pass, and result offers from training firms for those who fail. Theoretically, every student will have already received their results by post at the same time on Saturday morning.

In practice, a rather different ritual has built up. Hundreds of trainees gather at main railway stations in London late on Friday to buy copies of the newspaper's first edition, which arrives before midnight and contains lists of all who passed or have been referred for retakes.

Many students do not want to risk their friends finding out first - or even calling them with the results before they have found out for themselves.

As a result, they join the Friday night crowds.

Waiting for the results has taken on an extra urgency in the past two years, as accountancy firms cut costs in the recession and the threat of dismissal without a second chance looms for those who do not pass.

Mr Hamblly says: "Students have waited eight weeks. They want the results as soon as possible. But I don't think this system works. It's all a bit tacky."

Mr Mark Dawson, national examination training manager at Price Waterhouse, says: "There are people with champagne next to those in tears. It is a pretty disastrous affair, and so tense. It makes you wonder whether, if the people from the institute went along, they might change their minds."

He says that, after his results came out a few years ago, he went to Victoria station himself. His girlfriend got a paper first and found he had passed. She threw herself into his arms and said: "Congratulations, Mark, you've passed."

Unfortunately, the station was so packed that she threw herself into the arms of someone standing near him by mis-

take who also happened to be called Mark, but who had not passed.

The process discriminates against those who live outside London and cannot obtain first editions of the paper. It has also caused tensions when typesetting errors have either omitted or placed wrongly the names of those who have passed.

Mr Phil Armitage says the present arrangement began in 1988, when a postal strike threatened to delay results sent by mail. Since then, he says staff have found there are far fewer complaints about using the newspaper to publish the results than before, when postal delays caused widespread anguish.

Price Waterhouse has no official view on the process by which results are circulated, although in common with other firms and several recruitment organisations, it provides a results hotline.

Mr Dawson said he and several other training managers had approached the Times to ask the newspaper to provide a telephone hotline so students do not have to take part in a Friday evening scramble.

He also said he would like to see publication of results delayed until Sunday, so students have the chance to

receive individual results before they are made public.

Most students who have passed want their results to appear in a newspaper, but want the chance to learn the results first in private.

That is the more sedate approach taken by the Institute of Chartered Accountants in Scotland, which distributes its exam results to several Scottish newspapers for publication on a Sunday, after individual results should have arrived by post. "It is very deliberate," says Mr Ian Marrian, deputy secretary. "We want students to get the information first."

Timing may hardly be the most important concern for students - or their employers. But another of Mr Hunt's comments certainly is. He raised worries that the PE2 papers in which students performed most disappointingly were those requiring practical experience.

That corresponds with the trend spotted by recruiters that salaries and demand among employers for management accountants has been far more buoyant than for the chartered. In spite of recent cuts in reform, it raises a far question over the relevance of the existing chartered accountancy qualification.

GROUP FINANCE CONTROLLER
MANUFACTURING, REDRUTH, CORNWALL
c. £25,000 + car + bonus + relocation package

- Our client a major US owned multi-national involved in the manufacture and distribution of a range of specialised plastic products.
- The need for a significant new unit in Cornwall has resulted in a requirement for a qualified accountant with a minimum of five years post-qualification experience, preferably gained in a manufacturing environment, to head up the finance function.
- Report to the UK Managing Director and the US parent Chief Financial Officer, the appointee will be responsible for the entire accounting and reporting function including treasury.
- Key personal attributes will include maturity, a "shirt sleeves" approach, strong communication skills and a tactful assertiveness.
- It is envisaged that the appointment will be made by the end of October 1992 and availability must, therefore, be commensurate.

Kingsmith
Executive Search

Contact Kingsmith Executive Selection,
10 Bedford Street, London WC2E 9JH
or Fax CV on 071 240 0723

APPOINTMENTS WANTED

FINANCE DIRECTOR
Chartered Accountant FCA, 43, profit and goal oriented, service industry background, fluent French, good German, Spanish and Italian. European M&A experience includes initiating, negotiating and concluding transactions. Team player with well developed general management, leadership and interpersonal skills. Seeks challenging and rewarding position with international group.

Please reply to Box A1953, Financial Times,
One Southwark Bridge, London SE1 9HL

ACCOUNTANCY APPOINTMENTS

CHIEF INTERNAL AUDITOR

CJRA CITY

circa £45,000+bonus + banking benefits

MAJOR INTERNATIONAL FINANCIAL INSTITUTION

An opportunity has arisen for a qualified Accountant, preferably aged 30-40, with at least 5 years' relevant experience within Banking and Securities operations. The successful candidate will be responsible for the effective organisation and control of all Audit-related activities across a number of different Companies which constitute the Group's UK operations.

Replies in strict confidence by Friday 9th October, under reference CIA/24443/FT will be forwarded to our client. If there are any companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of: The Security Manager, Campbell-Johnson Recruitment Advertising, 3 London Wall Buildings, London Wall, London EC2M 5PU. Tel: 071-588 3589/588 3576. Fax: 071-256 8501.

Shortlisted applicants will be notified by 16th October.

Appointments Advertising
Appears every Friday
(in the International Edition)

Wednesday and Thursday
(in the UK Edition)

For further information in North America please call

JoAnn Gredell on
212 752 4500
or write to her at
14 East 90th Street
New York NY 10022

FINANCIAL TIMES
LONDON & BUSINESS NETWORK

SOUTH COAST

c £35,000 + BENEFITS
PACKAGE c £10,000Director of Finance
For a progressive local authority

Serving a population of some 75,000, this Borough Council has adopted "customer care" values with a positive commitment to the delivery of high quality effective services. Already operating a policy of devolved service accountability, it continues to make further radical changes including a wide ranging outsourcing programme.

As Director of Finance, you will be a key member of the corporate management team and as such will have a high profile in the full affairs of the Council. You will be responsible for all aspects of corporate finance, accounting and audit of the Council, and be its "Section 151" Officer. A priority task will be to complete the transition to a devolved financial management regime and the establishment of an effective budget monitoring and advisory service. You must also be capable of initiating and implementing further innovations consistent with the Council's aim of providing service excellence.

This appointment is a very good career opportunity for a highly able qualified accountant with a strong ambition to

progress. Ideally aged early thirties, you must have had several years within local government finance and currently be at a senior level. Some commercial experience is highly desirable and a sound knowledge of and a commitment to devolved management techniques is essential. As a person, you must be an energetic "self-starter" able to manage change, and additionally you must have a high order of communication and persuasion skills. For the right candidate, salary should not be a restriction, and the benefits package includes PRP plus very significant car allowances.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Christopher Haworth, Coopers & Lybrand Executive Recruiting Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference CH905A on both envelope and letter.

Coopers & Lybrand Executive Recruiting

Partnership Secretary

up to £45,000 + Benefits

West End

Our client is a high profile legal practice based in London's West End. With a solid 'blue-chip' domestic and international client base, this firm is well placed to build upon its successful track record to date. The company has a wide sphere of operational activity, but includes company and corporate, litigation, entertainment, property and employment law as its specialist areas.

The practice now seeks to recruit a Partnership Secretary who will report to the Managing Partner and will be responsible for all the financial and administrative aspects of running the business. Specific duties will include the preparation of financial and management information, systems development, a contribution towards general management and partnership secretarial elements.

Candidates will be qualified accountants with at least five years' post qualification experience, preferably gained in a professional partnership, ideally a legal practice. Strong financial and analytical skills are important, as is a comprehensive understanding of computers. Candidates should also have a confident, youthful approach and the ability to develop beyond the immediate scope of the role. Good management, motivation and team building skills will also be a pre-requisite for the successful candidate.

A salary of up to £45,000 will be offered together with a performance related bonus, contributory pension, life cover, and healthcare.

Please write, in confidence, to Sean Connolly at the address below, quoting reference SHC 3904.

STOY HAYWARD CONSULTING *Hayward*

8 Baker Street London W1M 1DA Fax: 071 487 3686. A member of Horwath International

"ACCOUNTANTS IN BUSINESS '92"

THE CONFERENCE FOR ACCOUNTANTS WORKING IN ALL SIZES OF ORGANISATIONS, TO BE HELD ON 8-10 OCTOBER 1992

The first national Conference organised by the Board for Chartered Accountants in Business to be held at the Swallow Royal Hotel, Bristol.

The Conference will cover Management & the Strategic Plan, Treasury, Financial Reporting and Improving Your Bottom Line.

Eminent speakers include: Hugh Pollun, Finance Director, SmithKline Beecham plc and Chairman of the Hundred Group, Peter A Day, Deputy-Chairman of Abbey National plc and Chairman, The Board for Chartered Accountants in Business, Claus-Dieter Ehlermann, Director-General, Competition in the EC, Sir Trevor Holdsworth, Chairman, National Power, Nicholas Hood, Chairman, Weasex Water plc, Christopher Holyoak, Controller of the European Bank for Reconstruction and Development, Roger H Lawson, Director 3i plc, Vice-President of the Institute, Charles Miller Smith, Finance Director, Unilever.

Cost £550 plus VAT for ICA members, £600 plus VAT for non-members. Remaining places limited. Booking forms available from Anna Glover by phone on (071) 833 3291 or fax (071) 833 9034 at ABC, 40 Bernard Street, London WC2 1LD.

The Conference is sponsored by
MINET PROFESSIONAL SERVICES & GODDARD KAY ROGERS & ASSOCIATES

whiteheadselection

Treasury Manager
A challenging pan-European role
London
c.£40,000+ car + benefits

General Electric Company USA is a leading multinational with consolidated revenues exceeding \$80 billion. GE's European business has grown rapidly in recent years partly as a result of substantial acquisitions and now contributes over a billion of this figure.

The London based treasury function is moving towards a centralised European cash management activity using GE's proprietary cash management system.

The Treasury Manager will have hands on responsibility for implementing and running the new structure across Europe with particular emphasis initially on streamlining and restructuring European banking relationships. Following this highly visible project there is major scope for a move into a corporate role for the right person.

You are a confident, articulate treasury professional, possibly with an accounting qualification, who has a distinctly international outlook and can work largely independently. Your background is likely to include at least five years' high level corporate treasury and/or treasury consulting experience in a major firm. A good appreciation of systems, but not detailed technical knowledge is not essential.

Please enclose a full CV, quoting Ref 588 to Nigel Bates, Whitehead Selection Ltd, 43 Wells Street, London W1M 7HF.

A Whitehead Mann Group PLC Company.

whiteheadselection

LOYD MANAGEMENT

f.i.c.g. FINANCIAL CONTROLLER
Hants/Surrey border
£30-35,000 + car

With an established reputation for innovation and quality, our client is a leading housewares manufacturer and distributor. It turns over £10m, is profitable and continues to expand.

This new position, reporting to the Financial Director, will have responsibility for all accounting and cash management. A 'hands on' role, it will focus on improving existing procedures and controls, developing a new costing system and enhancing management reporting.

Applicants should be computer literate qualified accountants in their early 30s, experienced managers and good communicators with proven commercial track records.

Please write, enclosing a full career/salary history and daytime telephone number, to David Tod BSc FCA quoting reference D/46/F.

LOYD MANAGEMENT Selection Consultants 125 High Holborn London, WC1V 6QA 071-405 3450

Qualified Accountant (ACA)

City

Up to £40,000

Banque Nationale de Paris is one of the world's largest banking groups, providing international banking services to multinational corporate and private clients.

We now have an opportunity for an experienced qualified accountant to join our Financial Control team, where responsibilities will include the daily analysis of profit and loss accounts.

Candidates must have at least 3 years' post-qualification experience in bank accountancy, with emphasis on treasury and money market operations. Computer literacy, organisational motivation and the ability to interpret accounts in a practical manner are essential.

Opportunities for career progression exist in the UK and international network of BNP Group.

Please write with full career details to Mrs Fia Keats, Personnel Manager.

Banque Nationale de Paris p.l.c.,
PO Box 416, 8-13 King William Street,
London EC4P 4HS. Tel: 071-895 7223.



CHRYSSAPHES
FLAMMIGER
ASSOCIATES

CONSULTANTS IN
EXECUTIVE RECRUITING
CAREER MANAGEMENT

Exceptional Business-Minded Accountants or MBAs

Commercial Minds

Age 28-35

Package to c. £55,000 + Car + Share Options

Yorkshire

Our client is a multi-billion pound turnover household-name group engaged in the distribution of a diverse range of branded and other fast-moving consumer products.

Its energetic and dynamic management team have identified highly focused strategic and business challenges for the Group and seek an exceptional individual in a newly-created key operational financial planning appointment to play a vital role in driving the business forward.

Reporting to the Business Development Director, you will be responsible for a major product sector. The role will demand pro-active formulation of profit-improvement and cost-reduction plans and soundly based high-level financial analysis in support of business decisions. In this

you will need to demonstrate an imaginative and creative approach and an ability to influence and logically promote your ideas.

You will be a graduate with a high level of intellect, holding also a professional accountancy qualification or MBA, with a background in commerce (or possibly through strategic consultancy), which must have exposed you to rigorous financial planning and analysis within a disciplined, marketing-orientated business, most probably fmcc or retail.

An attractive relocation package is available.

You should write, together with your CV and an indication of your current salary, to either Harry Chrysaphes or Peter Flammiger at:

Chrysaphes Flammiger Associates, Avon House, Kensington Village, Avonmore Road, London W14 8TS.

FINANCIAL DIRECTOR

Central London

To £33,000 + Car

First step to a career in Financial Management.

Our Client, an autonomous sales and marketing subsidiary of a major British plc, operates within the dynamic and highly-competitive field of magazine publishing. Despite difficult trading conditions, they have continued to grow through combination of organic development and successful strategic acquisition.

Having based their business philosophy upon innovation and activity, the Board now seeks an experienced Accountant who will both thrive in a competitive environment and contribute to their further development as a key part of the Management team.

This newly-created position will report directly to the Managing Director, with principal responsibilities being:

- Implementation and development of a comprehensive management information, budgetary and financial control system.
- Provision of detailed financial analysis with a focus on business performance by product group.
- The completion of ad-hoc projects as they arise.

Candidates, ideally aged 27-32, will probably be graduate Chartered Accountants with sound commercial backgrounds, which may have been gained within publishing, although other relevant industries will also be considered.

Personal attributes will include well-developed analytical and communication skills, sound business awareness and the ability to think strategically. For the successful candidate prospects within the group are excellent.

For further details please contact Collette Harrison or Hilary Trumper, Robert Half, Freeport, Walter House, 418 The Strand, London WC2R 0BR. Telephone: 016 3543, or alternatively fax your details on 071-836 4942.



Systems Accountant

West London

c. £38,000 + £7,000

Car Allowance + Excellent Benefits

Glaxo is an integrated research based group of companies whose corporate purpose is the discovery, development, manufacture and marketing of safe, effective medicines of the highest quality. In the last financial year, the Group's pre-tax profits approached £1.5bn and, measured by market capitalisation, it is now one of the largest UK publicly quoted companies. With a number of new products currently being introduced, prospects for future global expansion are exceptional.

The Financial Systems Department is responsible for the review and development of computerised systems for the Finance Directorate. Based at Group Head Office in Greenford, it comprises a mix of IT and finance specialists. The need for an additional individual has now been identified to act as a 'pivot' between the Finance and Systems divisions.

Responsibilities will be varied and challenging. They will involve identifying opportunities to make more effective use of IT, working with users to identify and resolve accounting issues and ensuring that the systems analysis have a complete view of user requirements. In addition, the successful applicant will be expected to pioneer the use of new technology whilst at the same time reviewing the use of existing systems.

This opportunity will appeal to a results orientated qualified accountant, aged 27-35, with relevant systems experience in a commercial organisation. Applicants should be capable of demonstrating a record of achievement to date and possess the ability to liaise constantly at a senior level.

This is an excellent opportunity to develop an outstanding career based entirely on merit. The rewards include an attractive remuneration package including non-contributory pension and other benefits associated with a successful international company.

Interested applicants should contact Jonathan Jones or Robert Walker in strictest confidence on 071-287 6285 (evenings and weekends 081-664 0927 or 0903 884649). Alternatively, forward a detailed curriculum vitae to our London office quoting Ref J130.

Any applications submitted directly to Glaxo by third parties will be forwarded to Walker Hamill.

WALKER HAMILL
Financial Recruitment Consultants

29-30 Kingly Street London W1R 5LB Tel: 071 287 6285 Fax: 071 287 6270

c. £60,000 plus benefits

Marketing Services Multi-national

London

Director - Internal Audit

New position to establish an effective internal audit function within a leading communications group. Profitable international operations with diverse subsidiaries and lean high calibre head office structure. Pivotal and high profile role working with senior management on wide-ranging projects and investigations. Business orientated, flexible and heavy-weight Chartered Accountant required who can add value to business performance. Excellent career opportunity to move into management.

THE ROLE

- Responsible to Group Finance Director for formulating operational audit programme to include financial management, treasury, tax, business practices and contractual agreements.
- Developing group-wide relationships and managing ad hoc projects focused on profit improvement.
- International scope (50% outside UK) with European, Pacific Basin, Latin and North American travel. Utilising external advisors with local knowledge on special assignments.

London 071 973 8484
Manchester 061 437 0373

Selector Europe
A Spencer Stuart Company

THE QUALIFICATIONS

- 30 plus Chartered Accountants in Big Six environment. Currently senior manager in public practice or in service industry. Record of managing multi-national projects essential and exposure to marketing services industry highly beneficial. Foreign languages (Spanish, French or German) useful.
- Commercially focused with the ability to influence and communication skills to drive through operational change.
- High level achiever with capacity to progress rapidly within the organisation.

Please reply, enclosing full details, to
Selector Europe, P. 72147/22,
16 Connaught Place
London W2 2ED

Finance Director

London

c £40,000 + Car

Our client is a small entrepreneurial company operating in a niche wholesale market. Activities are spread throughout the world, and significant growth opportunities exist in all geographical territories.

The company now wishes to appoint its first Finance Director. Working closely with the Managing Director and other members of the senior management team, the aim will be to introduce the systems, controls, relevant management information and performance measures which will lead the company successfully through the next critical stage of development. Liaison with bankers, external shareholders and advisors, management of the treasury function,

taxation and company secretarial duties are also included in the remit.

We seek a dynamic, level headed qualified accountant, probably aged 35-45, with a proven track record gained as the head of the finance function in small rapid growth environments.

The ability to thrive under pressure and contribute to the development of the business within a small, tightly knit team is essential.

Interested applicants should send a full curriculum vitae, quoting reference 902, to Diane Forrester ACA, Michael Page Finance, Executive Selection Division, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

SWITZERLAND

Due to continued expansion, we have the following vacancy in our Swiss office.

ACCOUNTANT ACA/ACCA

We require a recently qualified accountant who, reporting to the Board of Directors, will be involved in all aspects of the company's business including preparation of the company's and clients' accounts and trust and company administration. The position will involve direct communication between the accountant, the clients and their professional advisers. Experience in the offshore financial field would be an advantage.

The Advertiser is a major financial group with a network of Trust/Company Management offices in various offshore centres. We offer an attractive remuneration package which includes non-contributory pension and health schemes.

Applications, including a full C.V. should be addressed to:
Box A607,
Financial Times,
One Southwark Bridge,
London SE1 9HL

Apointments
Advertising

appears
every Friday
in the
International
Edition

Wednesday
and
Thursday (in
the UK
Edition)

For further information
in North Africa
please call:
JoAnn Gredell,
212 752 4500
or write to her
14 East 50th Street
New York NY 10022

FINANCIAL TIMES
Europe & Business News

FINANCE DIRECTOR

■ This company, part of a substantial international group, manufactures and markets a comprehensive range of household-name products and materials used throughout industry and commerce. It has maintained a good record of profitability and has also made a substantial investment in a new site, improved manufacturing facilities and information technology, maintaining its commitment to continuous quality improvement and long-term profitable growth.

■ Following a promotion within the Group, a new Finance Director will be appointed to assume responsibility for the control and development of financial systems. Participation in the policy making and strategic planning processes, tight reporting deadlines and some exposure at international level make this a high-profile role for an enthusiastic and diligent financial professional.

■ You will be a qualified Chartered or Management Accountant with good management skills and highly developed commercial acumen. A strong track record of success in a manufacturing company is essential, ideally within an international group. Familiarity with the use and benefits of up-to-date information technology would be distinctly advantageous.

■ Please send your CV for the attention of: Stephen Newman, Theaker, Newman and Newman, Premier House, 2 Gayton Road, Harrow, Middlesex HA1 2XU. Tel: 081 863 9001, fax: 081 863 0749, quoting reference: 2175

A founder member of
INTERSEARCH
Europe, N.America, Asia

BIRMINGHAM 021 355 8868 • CHESTER 0244 314800
GLASGOW 041 427 6884 • LEEDS 0532 420129
LONDON 081 863 9001 • MANCHESTER 061 832 0033

North West

Package:
c £40,000

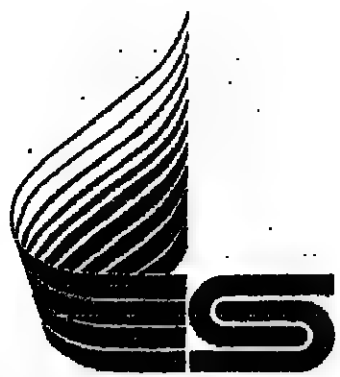
Car, Benefits

**THEAKER
MONRO
NEWMAN**
RECRUITMENT & PERSONNEL
CONSULTANTS

هكذا على النكاح

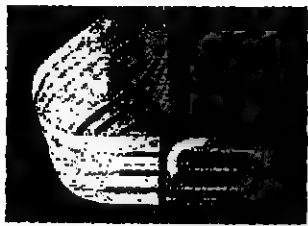
ADVERTISEMENT

PAGE 1



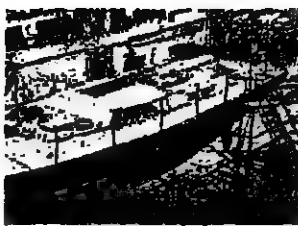
THE BRITISH STEEL CHALLENGE

The toughest yacht race ever



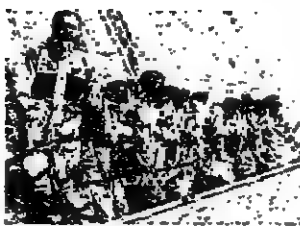
Chay Blyth's
big idea

PAGE I



Taking shape at
Devonport

PAGE II



The ultimate
world crews

PAGE III



28,000 miles
the wrong way

PAGE IV

Around the world with British Steel

TOMORROW the British Steel Challenge around-the-world race starts off Gilekier Point, near Portsmouth. It will be the toughest yacht race ever. Chay Blyth, creator of the event, has based it upon his own solo circumnavigation 21 years ago in a boat also built of British steel.

The identical 67ft yachts begin the long haul off the Solent at noon. En route they will call at Rio de Janeiro, Hobart and Cape Town, returning to Southampton after a 28,000 mile voyage against the prevailing wind and currents.

"People want risk," analyses the Challenge originator. "They buy fast cars, go skiing - it's all to do with adrenaline."

Experienced race officials from the Royal Ocean Racing Club, the most internationally respected body in the field, will advise on race administration. Each yacht is skippered by an experienced professional yachtsman or woman.

David Thomas, the designer whose Sigma range of cruisers/racers dominate club sailing in the UK, has designed the Challenge yachts. Identical in every respect, from hull



Chay Blyth on 'British Steel' in 1971

Aboard each boat will be a crew of 13 trained but essentially amateur volunteers. The cynical sun-tanned professionals are not part of this round-the-world race. These crews have forsaken homes, jobs and families to take part in the greatest adventure of their lives.

Sponsors have backed each individual yacht, companies as big as Group 4 and Commercial Union. Yet often the biggest financial efforts have come from the individuals taking part, each of whom has raised £14,850 to pay for their race berth and two years of training preceding tomorrow's departure. They include company directors, shop assistants, doctors, unemployed people, engineers and even a lettuce grower.

"Many had never set foot on any sort of sailing boat before signing up for the Challenge," commented Chay Blyth. Her Royal Highness, the Princess Royal, is patron of the Challenge and has already shown a keen interest, sailing on several of the boats.

From the outset, the British Steel Challenge was designed by Blyth to put the oomph back into yachting - and to do it for anyone with the courage to carve an adventure out of ordinary life.

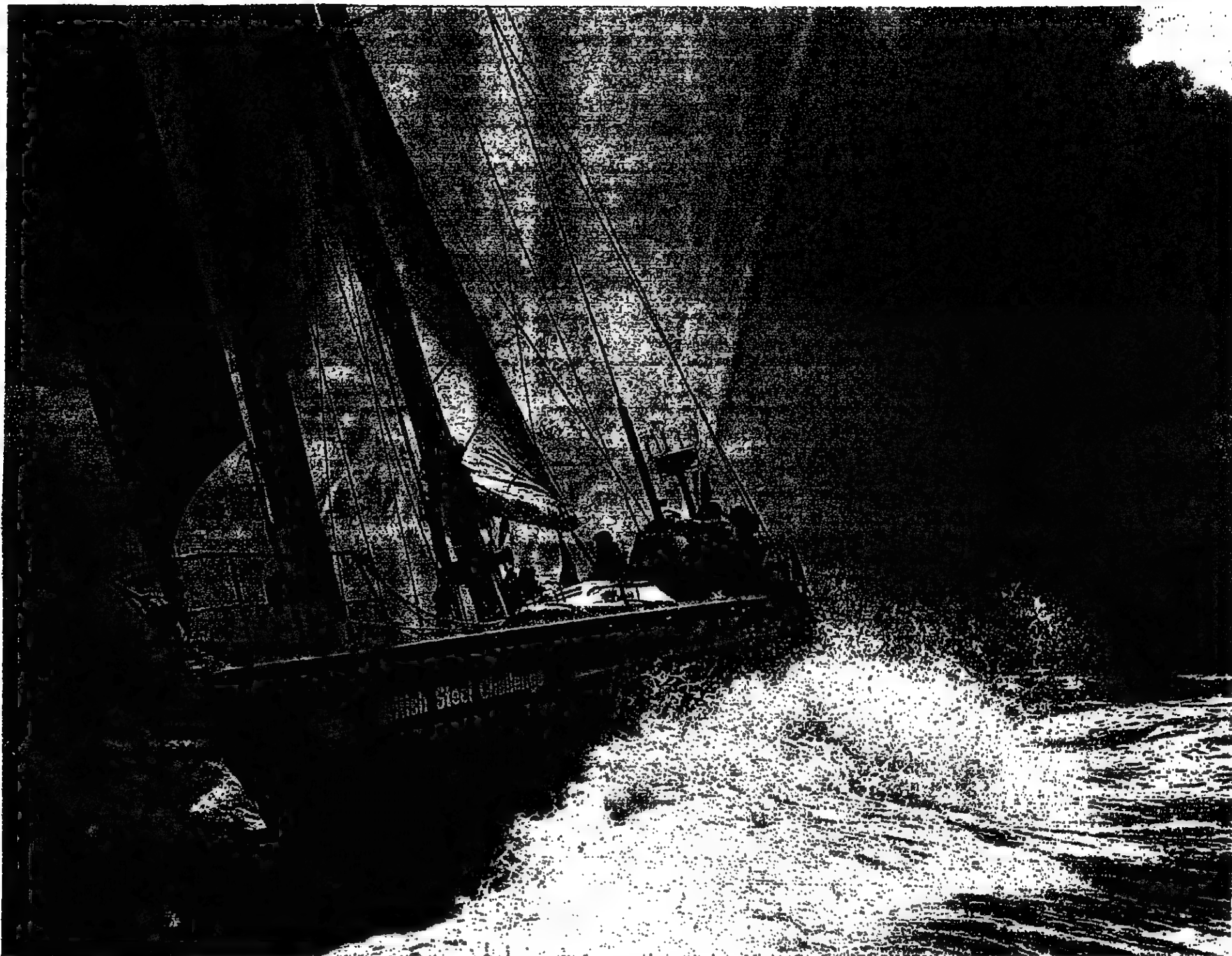
shape to sails and deck layout, they will compete on equal terms without handicapping.

The yacht which wins will be sailed by the crew that works best as a team and has the skill, determination and stamina to drive her day after day, week after week.

Media interest in the race has already been phenomenal. Press coverage is being measured by the column inch. BBC television are giving extensive coverage to tomorrow's start and over the eight months of the competition will produce a sequence of one-hour documentary programmes using a great deal of onboard video. Radio 2 are covering the start live from 11.30 am.

Blyth is uncharacteristically modest about his role in creating something to rank with the Whitbread race or the America's Cup - sailing events of tradition behind them. "I've never seen myself as a yachtsman," says the Scots ex-paratrooper.

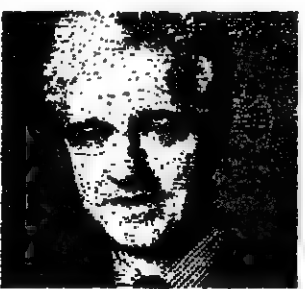
"What I'm good at is raising the money and giving the participants and the sponsors what they want. There's nothing new in any of this. Queen Isabella sponsored Columbus."



Fair weather... for the moment

Photograph by John Wender

Why British Steel is backing the Challenge



Brian Moffat

NOSTALGIA is the first thing to discard when considering British Steel's involvement in this epic yacht race. Of course, the company backed Chay Blyth's 1970/71 solo circumnavigation. Anniversaries are a good time for looking back. But since then British Steel has changed enormously and so has the nature of sponsorship.

However, what hasn't

changed one iota is the spirit of adventure, comradeship and fortitude necessary to succeed, both in the wastes of the Southern Ocean and in international business.

Grit is what you need. Two decades ago it was one man and one boat; now there are 140 men and women in a spectacular fleet of 10 identical yachts.

The British Steel Challenge renews British Steel's association with Chay Blyth, 21 years after he set a world first in his solo voyage - the wrong way round the world - in the yacht British Steel. His record still stands. This time a collaboration between British Steel and Chay Blyth is giving ordinary men and women the opportunity to experience the adventure of a lifetime.

British Steel's Chief Executive, Brian Moffat, has been

watching the planning and development of this project with keen interest since it was announced back in 1989. The long build-up to the race climaxes at the start-line in the Solent tomorrow. Everyone involved is going to experience something very special - something they will almost certainly never be able to repeat.

Millions of words have already been written and broadcast about how great a strain it will be on the competitors, but the race will also be a big test of materials.

"The race underlines the fact that steel is the world's premier material," says Moffat. "It has all the properties and characteristics required. It's strong, durable, flexible, versatile; all in all, the perfect choice for an event which will put British Steel's product on display in a most dramatic and

exciting way."

During the last decade the company has shown an equivalent strength of character to that of the crews in turning its business into one of the most efficient steel companies in the world.

It faces a renewed challenge in the present recession but given the combined experience and competitive spirit of management and workforce there is no doubt that it will win through yet again.

British Steel is the UK's largest steel manufacturer, and the third largest in Europe, with an annual liquid steel output of around 14 million tonnes; it is also one of the world's lowest-cost producers.

Company turnover is in the region of £5bn per year and it is rated Britain's sixth largest manufacturing exporter, with

overseas business worth more than £2bn a year. Globally the Company employs over 56,000 people and makes about 75 per cent of Britain's liquid steel output at four large plants: Port Talbot and Llanwern in South Wales, Scunthorpe in South Humberside and Teesside in the North East.

These places are a far cry from the ports of call in the race, which will be followed by millions of spectators in print or on television over the coming eight months. When the fleet docks in Rio de Janeiro, Cape Town, or Hobart the focus of attention will be on the competitors themselves. Yet always in the background will be the name and identity of British Steel, making the whole event possible.

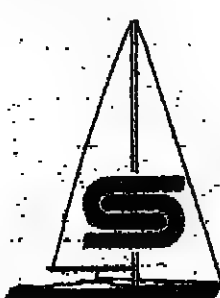
The company's strength and adaptability stem from its constant attention to cost reduction,

product quality and customer service at all times and through all market conditions. It is not unlike the skills needed to react to the weather at sea.

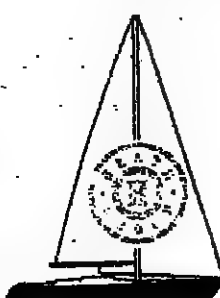
During an ocean race the skipper must take both a tactical and strategic view of the weather systems that continually confront him.

In recent years, British Steel has made significant investments in new plant and equipment and has extended an already wide and well-established range of quality finished products to meet the needs of increasingly demanding markets.

As Brian Moffat puts it: "What better way to demonstrate the international nature of our business, while demonstrating the strength and versatility of steel, than through the British Steel Challenge?"



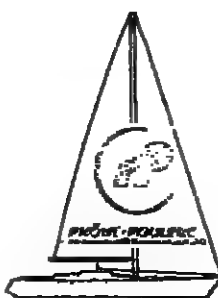
BRITISH STEEL
Skipper: Richard Tudor



HEATH INSURANCE
Skipper: Adrian Donovan



HOFFRAU LAGER
Skipper: Pete Goss



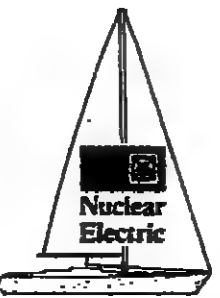
RHONE-POULENC
Skipper: John O'Driscoll



COMMERCIAL UNION ASSURANCE
Skipper: William Sutherland



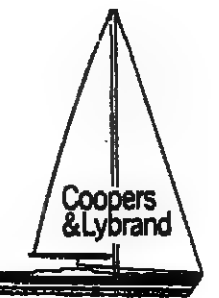
GROUP 4 SECURITAS
Skipper: Mike Golding



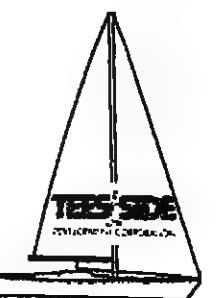
NUCLEAR ELECTRIC
Skipper: John Chittenden



INTERSPRAY
Skipper: Paul Jeffes



COOPERS & LYBRAND
Skipper: Vivien Cherry



TEESIDE
Skipper: Ian MacGillivray

THE BRITISH STEEL CHALLENGE

men
boats

"From the point of view of ultimate safety, steel wins on all counts. The strength of a material describes the force needed to break a sample of it, while its toughness refers instead to the energy needed to do so. The energy is equal to the force, times the amount the material stretches under load before rupturing. A stretchy, ductile material like steel is much tougher than a more rigid material of the same breaking strength.

"A certain amount of extra weight, or displacement in nautical terms, makes a yacht

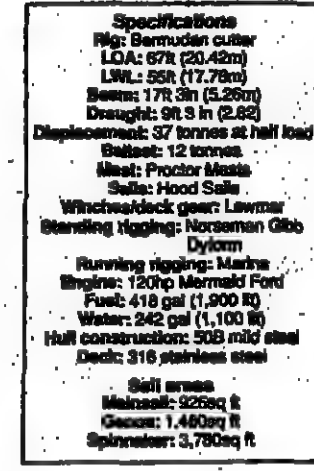
"This cutter configuration was chosen to make up the necessary sail area - the source of the yacht's horsepower - with more and smaller units,"

The deck layout uses the finest equipment available and the large deep cockpit gives the shelter and protection so necessary when beating into big seas. Conditions down

The crews share six separate cabins. There are two toilets, one with a shower (unimaginable luxury on a more "conventional" racing boat) and in the aft area a full-width galley/saloon area capable of seating the whole crew. Here the motion of the yacht is

Normally, meals will be taken at the change of each watch. This area is comfortable and well-ventilated with a comprehensive galley. Cooking is by LPG and while they carry some 200 gallons of emergency water, the yachtswoman will rely for their daily needs on high-capacity watermakers. There is no fridge or deep-freeze, the crew relying on freeze dried provisions, and heating of the cabins and sa-

These yachts rise superbly well to the challenge of providing a safe, relatively comfortable yet demanding platform from which to race. Extremes of both discomfort and speed which characterise races such as the Whitbread have been avoided and - another big difference - the yachts are already in demand for sale afterwards as larger cruisers. Normal "one-off" racing yachts are near unsellable after their race, as any yacht broker with one parked on his forecourt will testify.



Devonport Management Ltd, the privatised former Royal Devonport Dockyard at Plymouth came to the rescue. With 300 years of naval shipbuilding behind it, Devonport has no shortage of skilled shipwrights and a tradition of rising to the occasion when a tight deadline looms.

A fabrication shop formerly used to build frigates for the Royal Navy was given over to the British Steel Challenge construction programme. Initially

ready to accept the deck. This was built separately out of stainless steel for easier maintenance.

Once the first yacht was completed and named by Princess Anne, almost every observer present at the unveiling was impressed by a sweetness of line and fairness of hull shape rarely found in steel construction.

"The best compliment that we have had today about the yacht is that it looks as if it has just come out of a mould," said DML

weigh 25 women. Over six weeks of sailing they will use four tonnes of stores and float three and a half inches higher.

COMMUNICATIONS for the British Steel Challenge represent the most complete and advanced package of communications ever assembled for a global sporting event. Thanks to British Telecom technology, participants and their families will not only be able to talk to each other on a regular basis, but track the yachts' positions as the race progresses.

The latter facility will prove invaluable for journalists and sponsors - those with a professional interest in knowing each boat's exact whereabouts. Anyone with access to a fax machine has entry to a sophisticated tracking system in which signals are bounced up from the competitors to an Inmarsat satellite and then sent earthwards to be processed on a BT mainframe computer.

Fax Information Retrieval System (FIRS), developed by BT for the Whitbread round the world yacht race three years ago, allows anyone in the world to

dial up faxed progress reports and charts simply by using any fax machine's polling facility. Calls are charged at standard national rates, with evening and weekend calls cheaper.

From the sailors' point of view, the equipment is marvellously small and light. "Inmarsat-C is being used for the first time in the British Steel Challenge," explained Edward Scott, head of BT's international promotional projects. "Because it provides data only, rather than voice, it can be very small indeed. The radome is not much bigger than a policeman's helmet while the below-decks transceiver is not much bigger than a woman's handbag."

Quality of communications has improved immeasurably in recent years. "Because Inmarsat is satellite-based it doesn't rely on bouncing signals off the stratosphere - and that means no degradation in the signal. Voice comes across very clearly, without any snap crackle and pop."

Knowing where a yacht is now, and knowing its position, say, six hours ago means that a great deal of data can be deduced about its performance past and expected. A BT-developed software programme compares the signal from GPS with previously received information and calculates each yacht's course, speed-over-the-ground, elapsed time and distance to run to the finish line. It will even forecast arrival time at the next port.

Access to this powerful visual information is open to anyone with an IBM compatible 386 PC who is willing to buy the £45 +VAT software from BT. It enables race-watchers to download and manipulate race-data themselves for the cost of a simple STD call. The full colour VGA charts can be adjusted to show areas such as the start in greater detail and then printed off on a standard Postscript printer.

Other children around the world are to benefit more than just educationally from the race. The British Seal Challenge aims to raise £250,000 for Save the Children, the UK's leading international children's charity - a rare fundraising activity for a sporting event of this nature.

"I was absolutely delighted when the crew volunteers chose Save the Children as the charity to support," says Mrs. Stoddart.

Additionally, British Steel



then more of the gas will be available to add the "greenhouse effect" commented Van Herbet. "Such widespread marine invertebrates and plants might seem to be at low risk of extinction, but that just isn't the case.

"Thorough scientific knowledge of species distribution is lacking because of the difficulty in sampling the more remote oceans." As the crews of the yachts will come to realise, the Challenge fleet is going where

ADVERTISEMENT

THE BRITISH STEEL CHALLENGE

PAGE III

Men of mettle Boats of steel

TOMORROW when the British Steel Challenge starts off Gullick Point near Portsmouth, life enters a new orbit for the 120 paying crew-members. They signed up nearly three years ago, most not knowing a half-nelson or a half-nelson. Each has raised £14,850 to pay for the trip, often through enormous sacrifice.

"It seemed like such a huge sum at the beginning," reflects Lisa Wood, formerly deputy superintendent at the Royal Cambridge Home for Soldiers' Widows. "Now I think about what value it has already been to me."

Wood, cheerfully admitting that she has sold nearly all her worldly possessions to pay for her berth, is a fund-raising legend in the project. She once auctioned the spotlights off her Mini to pay for petrol to get to the next leg of the Challenge training course. The car itself has now been sold.

Even those who have had less trouble meeting the financial commitments have had to make major sacrifices, often accompanied by endless heart-searching.

Dr Jon Myers is a young casualty doctor who has just resigned from his promising job at a major London hospital to crew on the yacht *Hofbrau Lager*.

"I felt quite sad, very strange indeed, driving away from the hospital on that final day," muses Myers. "It was like leaving home all over again. But this race has taken over my life."

"It has influenced the timing of my wedding. It has caused me to postpone basic decisions like

buying a house or planning my job. It still seems so far away. I just can't visualise myself in the Southern Ocean yet."

Older professionals have put solid, established careers on hold - with no security that they can just be picked up and resumed - to take part in the race. Men and women who pride themselves on rational analysis have found themselves forced to confront the fact that there is no objective, sensible reason for going and giving up so much. And yet, and yet...

"I had an excellent job with a very good salary. I enjoyed it and I was good at it," reflected Roger Pratt, who recently resigned from the board of a major London advertising agency to take part in the 28,000-mile race.

"I still find it nearly impossible to give a logical reason why I am doing this - probably there isn't one. I do have some concern about what happens when I get back. I shall be 47 and unemployed. I'll have no income and no home and need a job fairly badly. The numbers don't add up but there is more to life than numbers."

One group who are doing the race for more than simple satisfaction are the 16 paid skippers of the yachts. They are sailors of the highest experience, yet chosen at least as much for their empathy with the ordinary men and women who form the crews. Vivien Cherry is the only woman skipper.

"The fact that all of them have had to come up with so much money shows they are

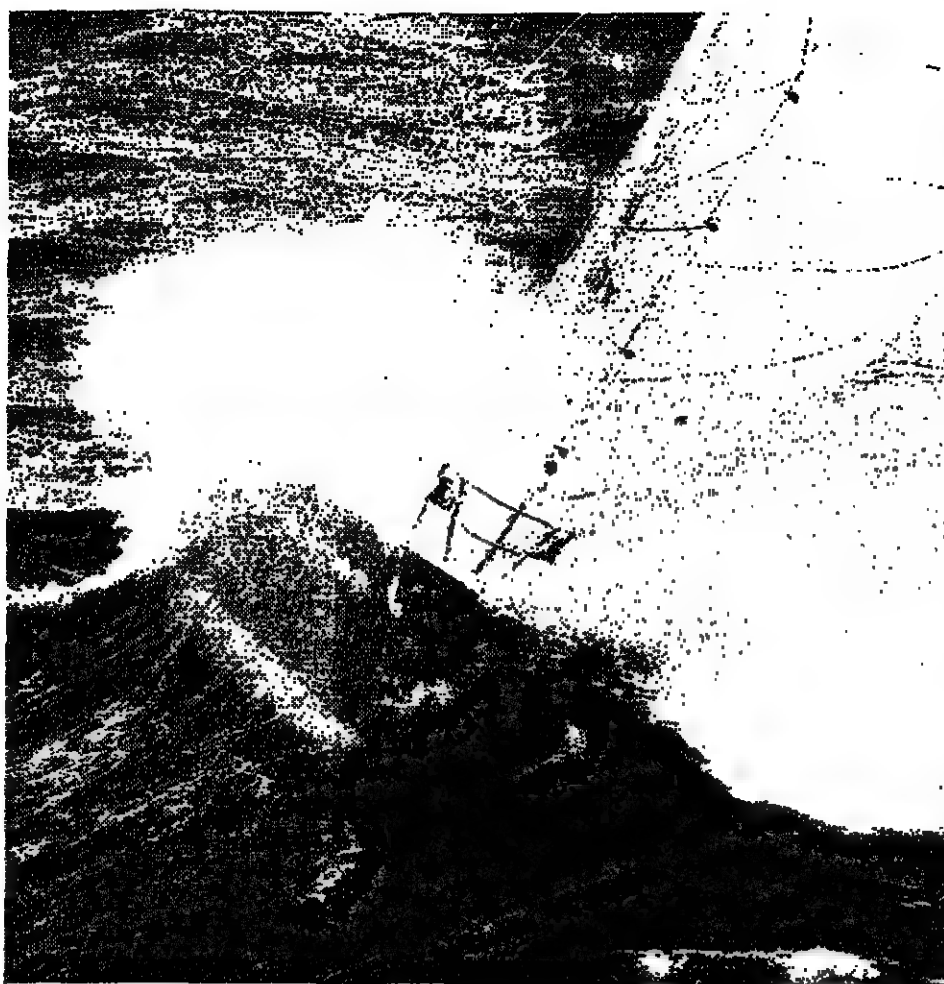
determined to make the most of this experience," commented Vivien, helming *Coopers & Lybrand*.

"In a way it is quite a selfish thing for some of them to be doing - not that there is anything wrong with being selfish if it means fulfilling a lifetime's ambition. But some will be leaving behind partners and putting their everyday life on hold for eight months while they pursue their dream. It has its risks."

Even before the race begins the lengthy training programme has involved considerable commitment in both time and emotion. Rhone-Poulenc, for example, engaged French solo ocean racer Lionel Pean to shape up its crew of novices. Amongst Pean's gambits was to keep the entire crew penned within his small locked house near St Malo for a week to accustom them to living with one another in cramped conditions.

Rhone-Poulenc also brought in a steep deprivation expert to devise a less abrupt transition from sleep to on-deck in full foul weather gear. Such training was arduous but essential to weld a mixed-age, mixed-ability crew into one that understands this is not just an adventure, it is a race.

Chay Blyth, virtually alone at the beginning, never had any doubts that there was a streak of dormant adventure in the slipper-loving British public. "I wanted a race that anyone who put their back into it could afford," he said. "I was amazed and excited by what I found. Believe me, the spirit that inspired the adventures of



Braving the elements in the South Atlantic

old is very much alive today."

That first week when the race was announced from the London Boat Show still lives on in Challenge folklore. Many of the crews who will sail tomorrow simply piled into cars and trains and headed to Earl's Court. In some ways it resembled a miniature medieval crusade.

"I heard about the Challenge on television and the following afternoon arrived at the Boat Show to sign up," recalled Kate Tryman. "My hand shook as I signed the cheque through sheer excitement and anticipation. I had

signed up to race around the world - one of my long-standing ambitions. I needed a drink. So did my mother who was with me."

"The next thing was to tell my stepfather, a veteran of the Blue Funnel Line and an RN reservist. When I had left the room he said to my mother 'How could you stand next to her and let her sign up? You have no idea how dangerous the Southern Ocean can be.'"

Yet on the eve of the race, the mere thought of crew-members being known that re-entry into humdrum, everyday life next spring is likely to be at least as

stressful as anything the roaring oceans can throw at them. Bill Vincent is a 46-year-old carpenter at Bath University, a calm amiable man devotedly married to a teacher and with two teenage sons. For the next 36 weeks he is, however, a crewman aboard *Heath* insured with few responsibilities other than to his ship-mates and his own survival.

"I'm already worried about how well I'll be able to fit back into my old life when we dock at Southampton next year," pondered Vincent. "I was so happy before - it was a lovely life. Then this came along."

Blyth's spirit

ONCE upon a time, when Lord Wilson was prime minister and the Beatles rode the crest of the Hit Parade, a British Army sergeant went to sea. With fellow para Captain John Ridgway, sergeant Chay Blyth rowed across the Atlantic in an open boat. Their mini-skirted wives were photographed watching anxiously from Land's End and when the intrepid pair landed they made magazine covers from Stern to Newsweek.

"It was my first trip in a boat," recalled Chay, who has since sailed every conceivable kind of boat in virtually every major race. "For me it was simply another exercise in survival - the kind of thing I had been doing in the Radfan mountains above Aden with 3 Para. But we successfully completed the crossing and I was catapulted into a different world - one which introduced me to yachts."

Blyth once said to a potential crewmember that they couldn't have met before - the sailor would have remembered him. No one forgets Blyth. Americans would call him feisty, a "wee jock" as he sometimes refers to himself, with endless chat and as tough as nails. Although he has been a success in business and sport his heart is still in 3 Para and he refers often to "the regiment".

Chay Blyth was one of seven children, the son of a railwayman in Hawick. The Army made him. He still tells the interviewer proudly that he was the youngest soldier promoted sergeant since the Second World War. Blyth also knows the ways of the world. When his paratrooper crew came ashore from the yacht *Great Britain II* in the 1975 Whitbread round the world race they were immaculate in blazers and grey flannels.

Things are presented right

with Chay. In his middle years he learned how to dance to the establishment's tune. Now he is successful and confident enough to play his own rhythm - and have others fall into step.

"Thousands, maybe millions of people want to sail but don't because it's seen as elitist," he has observed. "It's not, although the first time I went to a yacht club I felt really uncomfortable. In those days I couldn't string three words together."

"Sailing is a risk sport, but full of excitement and adrenalin. Nowhere near as dangerous as rugby or hunting of course." Blyth fell in love with 'the ponies', as he calls them late in life. He hunts with the East Cornwall, where he was once joint-master. "If you don't want risk or excitement buy a bag of cotton wool and sit inside."

"He is gloriously unabashed about having created the British Steel Challenge to give other people fun and make himself some 'real money'. He has lived well from his various nautical



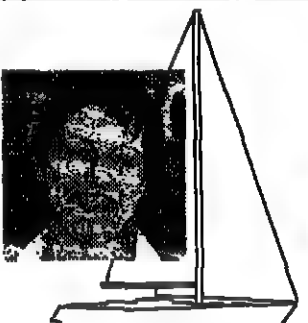
Chay Blyth

exploits, Blyth's thickening waistline testifying to his prowess as an entertaining and highly paid after-dinner speaker. But this is business with a capital B.

"My one quality is to recognise an opportunity and take advantage of it," he is fond of saying. "I love the cut and thrust of negotiation. Prepare yourself for every meeting. Everything is negotiable."

Faces from the fleet

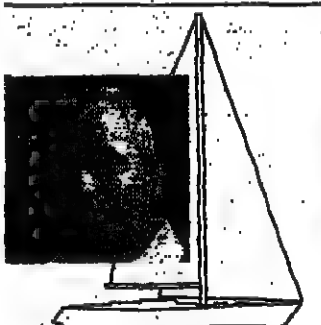
What kind of person would willingly risk life and limb battling against waves as high as a house, whilst trying to keep down their lunch? Here are a few.



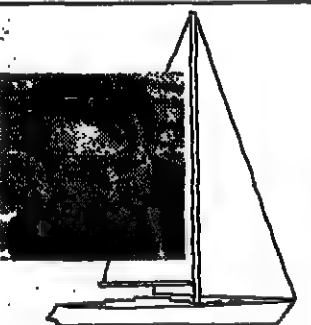
Carol Randall, 33, is editor of the weekly *Harborough Mail* in Northamptonshire. An accomplished athlete, she was shocked by her first trip to sea. "Living at sea is a total assault on your system. It plays havoc with your metabolism," says Randall.



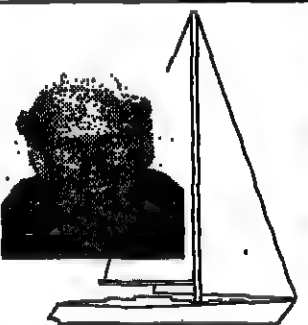
John Carter, 37, a computer manager from Chalk Farm, North London, will crew aboard *Group 4*. He predicts his experience as follows: "Enjoy it 65 per cent of the time, be bored for 20 per cent of the time, and be absolutely terrified for the rest."



David Arthur, 46, director of a financial brokerage, is the man who nearly missed the boat - in his case *British Steel II*. After an evening's hospitality in June with rival yacht Rhone-Poulenc, Arthur broke his leg and ankle and was told he might not make the start. Iron determination and Stoke Mandeville Hospital have put him back in the race.



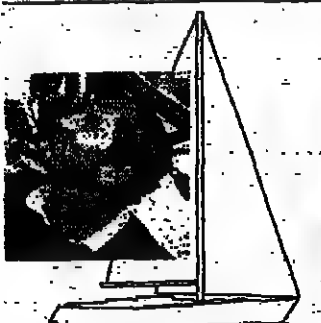
Ken Pearson, 41, is a dairy farmer from Dyfed in Wales crewing aboard *Heath* insured. He volunteered for the Challenge when new milk quotas and the general decline in agricultural prices began to threaten his livelihood. Pearson will be in charge of the environmental programme spotting whales and dolphins.



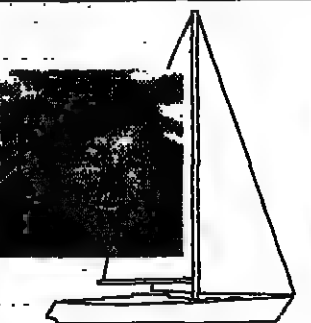
Nick Jubert, 40, is a director of his family's clothing manufacturing business in Surrey and will crew aboard *Group 4*. A remarkable coincidence binds him to the boat. Despite crews being allocated to individual yachts by secret ballot, Jubert's company has been making the uniforms for *Group 4* security personnel for over a decade.



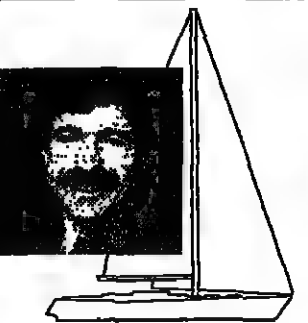
Domonic Mathews, 47, is managing director of his own firm of financial consultants in Maidstone and will crew aboard *Inter Spray*. As an active Morris dancer in his native Kent, Mathews hopes to dance around Cape Horn complete with bells and handkerchief.



Jack Gordon-Smith runs a market garden business growing lettuce and celery under glass. He describes himself as chairman of two small companies, trapped by relative success and the educational requirements of four small children. A classic case of abundant hours and all work and no play says Gordon-Smith, who describes the Challenge as "the perfect escape".



Vivien Cherry, 32, is a skipper of the yacht *Coopers & Lybrand*. However, she is not an accountant but a building services engineer. Vivien's most recent job with property giant MEPC put her in charge of all services and maintenance within the largest new building in the City of London. She has already competed in two Fastnet Races sailing her father's Sigma 33 cruiser-racer.



Julian Wells, 41, is a vet with his own practice near Shrewsbury. He will crew aboard *Inter Spray*. Wells moved his family to inland Shropshire in 1980 to enjoy the excellent hill-walking and promptly took up sailing. Wells is also ship's doctor. "They think I'm this gentle, kind James Herriot figure but they've never seen me give an enema," Wells joked menacingly.



Yvonne Flatman, 30, is a Trading Standards Officer working in London who will crew aboard *British Steel II*. She moved from the sailor's paradise of Poole Harbour to a much better-paid job in the capital solely on the incentive of having to pay £15,000 for the Challenge - thus demonstrating that being a "boat-bum" can enhance one's career.

Sponsors who have a taste for challenge

SAILING is one of the areas of sport where sponsorship has grown extraordinarily fast in the past decade. A traditional image of blue blazers and white ensigns has moved over to accommodate the commercial interests that pay for this exhilarating but expensive sport at the highest levels.

In promotional terms yachts are marvellously effective billboards. A glance across the British Steel Challenge fleet reveals a range of startling individual paint jobs, each reflecting a corporate yacht sponsor. The backers range from Hofbrau Lager, through Nuclear Electric to the Heath insurance brokerage group.

ISL Marketing, the consultancy which handles the sponsorship of the Olympics, recently gave a presentation on the corporate appeal of sailing. "International yachting is also an image builder. It combines grace, style and designer elegance with one of the toughest and most exciting challenges in sport," said ISL vice-president Keith Cooper. "The yachts involved in such races become personalities, the 'stars' of the show."

Nevertheless, the recession is as real and tough in sponsorship as in every other area of business. British yachtsmen have struggled hard to find backing from America's Cup and Whitbread Race entries. Chay Blyth's achievement in finding ten major companies willing to pay £225,000 each to back a new and untried race is enormous.

Only one, International Paint, is a company directly active in the marine market. International has painted all 10 yachts and, indeed, was responsible for the paintwork on the original *British Steel* 21 years ago. Yet its interest goes much wider than that.

"International is in the business of winning on behalf of its customers. As a leader it can serve them faster, better and more distinctively than its competitors and our high level of involvement in this market will be broadcast to an even wider audi-



ence by our support of the superb yacht and its courageous crew," said chief executive Sipko Huisman.

"The people I see winning in business, sport or any endeavour are the ones who are truly motivated and prepared for much sacrifice," he added.

For companies such as Nuclear Electric, another yacht sponsor, the undoubtedly clean and green image of sailing is right where the management wish to move the company's own perceived position. Like *British Steel* itself, Nuclear Electric will send some of its own staff aboard on each leg of the race.

"The fleet of yachts has now been afloat and available to sponsors as well as for crew training for nearly six months. Some have done literally dozens of corporate hospitality days - with startling impact."

"We keep an informal running total of thank-you letters after hospitality events. It's an imperfect measure but it gives you some guideline of the impact," said Heath Group chief executive John Mackenzie-Green.

"Normally after Henley or Lords, say, it runs at about 30 per cent. But over 90 per cent of the people we have taken out on the yacht have written to say how much they enjoyed it."

According to Mackenzie-Green the external awareness factor concerning Heath Group is much higher even before the race starts. With an office about to open in Rio, a big Australian operation and a lot of business beginning to flow through a Cape Town operation, the route is good news for a genuinely in-

ternational insurance brokerage. "The Challenge has already been an enormous success for us," he added. "When we started half the board thought I was barmy and the other half thought I was spending their pay rise. But everyone is now completely on-side."

Nine of the 67th, 32-tonne yachts are sponsored by commercial organisations. "Pride of Teesside" is the only competitor carrying the hopes and aspirations of an entire region of the UK. She is being sponsored by the Teesside Development Corporation and it is probably the first time a yacht race has been a key part of the strategy to regenerate an entire region.

One of TDC's major schemes is the creation of a £165 million marina in the heart of the old coal-exporting and shipbuilding port of Hartlepool. The aim is to turn it into a centre for national and international sailing events and competing in the British Steel race is part of that campaign. The recent Round Britain race was sponsored by the TDC.

"Ocean racing may not naturally be associated with this part of the country but they have certainly taken to us and the idea of the race. People up there appreciate triers and don't have much time for posers," laughed Ian MacGillivray, skipper of *Pride of Teesside*.

Executives at the business end



of the development agency are beginning to see results. "By the time this year is over Hartlepool Marina will have made its mark on the national and international sailing fraternity and that, in turn, will have a significant impact on the wider regeneration of the town itself," commented TDC chief executive Duncan Hall.

Of course, sponsorship of the Challenge goes far beyond the yachts themselves. Literally scores of companies have become official suppliers or joined the supporters club. They range from winch manufacturers to airlines. One supporter, the credit information company InfoLink, is awarding a trophy to the winner of each race leg.

All have one thing in common, a desire to contribute to and share in the magic of the most exciting amateur yacht race ever. The British Steel Challenge, unlike most sailing events which tend to be dominated by technology, is about people.

INFOLINK
Responding to
the Challenge of
Business with
CREDIT & BUSINESS
INFORMATION SERVICES

... Instant... In-Depth... On-Line...

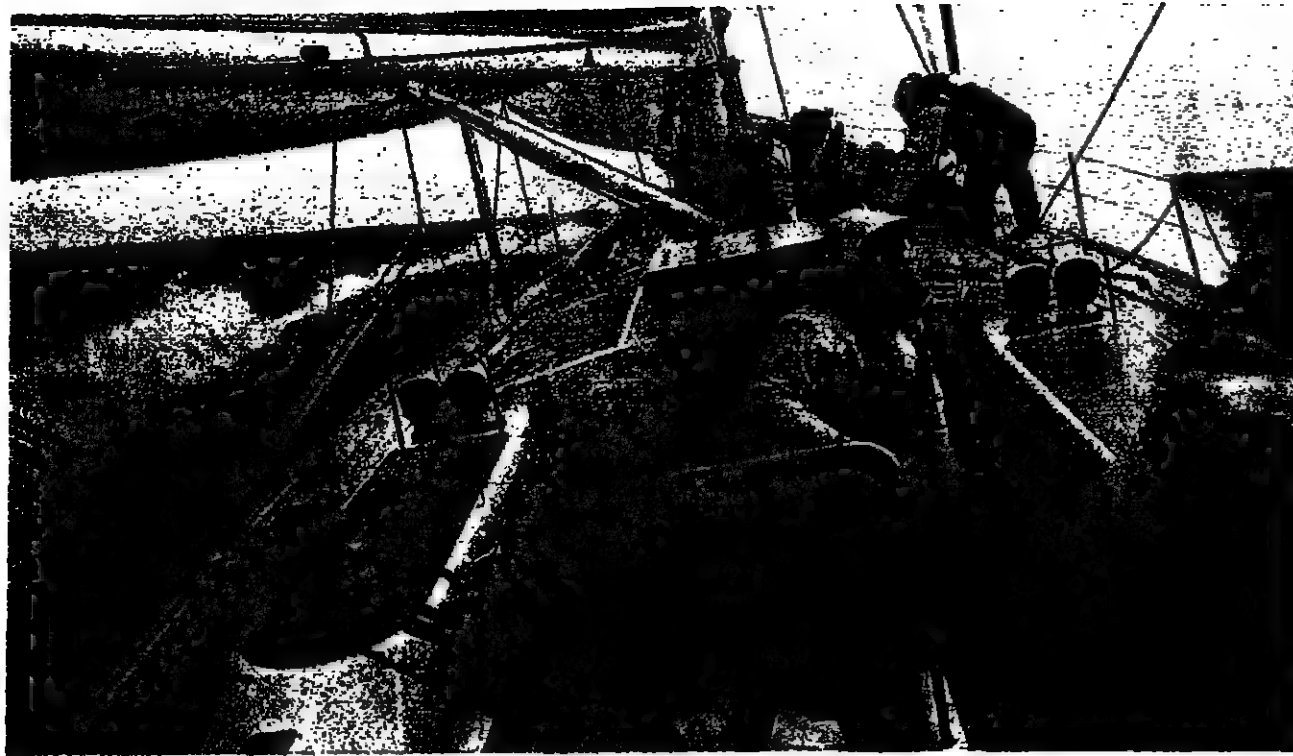
Telephone 081-686 7777



Produced by Doree Rogerson Limited.
Written and edited by Keith Wheatley. Illustrations: The Calculator Company.
Cut away illustration: Eric North. Picture Library: Pictorial.
Photographers: Mark Pepper, Paul Carter, Paul Kay and Skip Novak.
For more details contact the British Steel Challenge
Information line on 071-725 1993

PAGE IV

ADVERTISEMENT THE BRITISH STEEL CHALLENGE



All hands on deck

Life on the ocean wave

JUST at this moment the crews of the Challenge yachts are probably feeling about as good as they are going to be in the next eight months. The adrenaline is high for tomorrow's start and they are still warm and dry. Once out of the Solent, free of the armada of press boats and well-wishers, the reality of life on a racing yacht will assert itself.

Anyone who is going on the race to escape "routine" is in for a rude shock. The watch system of four hours on deck, steering and sail trimming is followed by four hours off, thinking about these two activities. It is a brutal regime, tougher on the human system than anything most armies have devised.

Once the 10 yachts slip out of the Western Approaches and into the Atlantic the weather will probably turn from gentle English early autumn into sharp, nasty equinoctial gales. The decks of the 67th yachts will be swept by spray. One briefing for crews described it thus:

"Imagine standing outdoors for four hours in a thunderstorm. Rain is sheeting down. Every 30 seconds someone throws a bucket of water over you. Even in slickskins and wetsuits you are going to get very wet indeed."

"At the end of four hours you

will be allowed to rest in the coldest room in a small, cramped building nearby, and then back outside for another four hours of wetness. Oh, and it will be dark for much of the time."

The extraordinary thing about the British Steel Challenge is that when Chay Blyth announced the race three years ago he was flooded with applications from people wanting to take part and pay £14,850 for the privilege.

"I could have filled three times as many yachts and still have a waiting list of high quality applicants," said Blyth.

Life off-watch is, however, going to be a good deal more comfortable than on most racing yachts. Individual cabins for two and three people mean that the stresses of communal living are reduced. Although it helps to be dog-tired when the mattress of one's cabinmate's bunk is only six inches overhead.

Yarning, that old sailor's pastime, around the big saloon table will inevitably fill many, many hours. Nuclear Electric has even nominated a ship's entertainment officer responsible, for amongst other things, teaching juggling to the crew. Paperback books will become like gold-dust after 10 days at sea.

At the start of the last Whitbread race - and in that competition getting weight out of the boats is essential - one skipper outraged his crew as they reported for the start by telling them that they were allowed a change of shore clothes OR a book, not both.

Life is more civilised in the British Steel Challenge (British Steel II, for example, is taking 100 CDs courtesy of Radio 2), but crew members still have to fit all their belongings into two plastic boxes two foot square.

To acclimatise his trainee crews to what to expect once around Cape Horn, ex-Marine Pete Goss who now skipper's Hobbit Lager and was originally Challenge training officer has been showing them video footage shot in the Southern Ocean. A wall of water rushes towards the cameraman, flooding down the deck of the yacht before he runs for his life down into the shelter of the companionway.

"We're all a bit worried about Cape Horn," Goss told an attentive audience. "We've all heard the war stories. We're going to be right on the edge. We're going to turn right at the edge of South America and be right into it. The storms will be coming through one after the other.

Whack, whack, whack, the waves, big rollers, will be coming in from all sides. There's nothing else down there. No vapour trails. Nothing."

In the long weeks between the Horn and Hobart skippers will need to be aware that morale aboard the boat is probably the single most important factor in deciding who gets to Tasmania first.

Good seamanship calls for sensitive handling of the yacht and her gear, keen and detailed observation of the weather and constant surveillance of the rig and sails. It sounds like the holiday you couldn't give away. But most of the crew have other preoccupations.

"Mentally, the thing I fear the most is when we arrive back having worked together as a very, very close team for eight months," said telecommunications executive Andy Hindley from Hobbit Lager.

"I mean I can't really imagine having finished the race on a Friday afternoon and then going back to work by Tube on a Monday - it's just going to be mental torture." It seems a good bet that a great many of those yarning sessions around the saloon table will be devoted to ways of escape - post Challenge.

Staying alive - and well fed

ANYONE who has ever experienced a lengthy voyage in a small boat will testify that staying warm and getting enough to eat are absolutely vital. An enormous amount of planning within the British Steel Challenge has gone into getting those two factors right. Satisfying and nutritious victuals have always been seafarers' biggest challenge - remember Captain Cook, scurvy and those lemons?

The major supplies will be dehydrated meals and ingredients supplied by Rank Hovis McDougall.

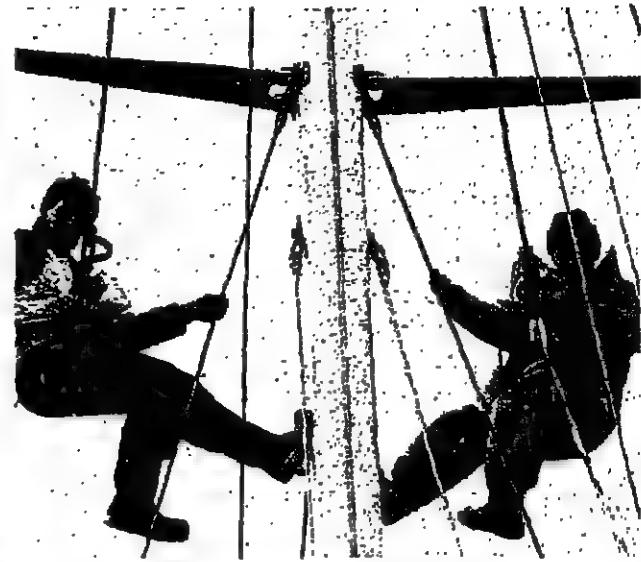
The 100,000 meals will include Chumky Chicken, curries, spaghetti bolognese, bread and sponge mixes, soups and pasta. The ingredients are excellent, if having an inherent tendency towards blandness, however, and conditions of usage at sea are always a problem.

Michael Martin, designated provisions officer aboard British Steel II, explains 24 hours of catering during the recent Ushant/Fastnet training race:

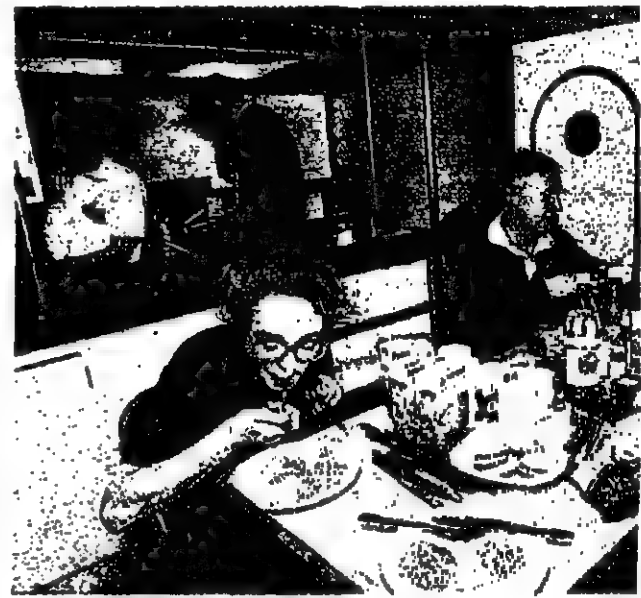
"The second evening meal was dehydrated spaghetti bolognese, which was going well until we had to undertake a complicated sail change just as the spaghetti was ready. On the joys of preparing food for a racing boat," describes Martin. "Congealed pasta in any form takes some getting down. There are probably some fish near the Fastnet rock still working on it."

"Our third evening meal consisted of part-cooked microwaved sausages, together with mashed potatoes, sliced tomatoes, and a thick gravy with braised onions. At this stage we were still heeling over at 35 degrees and being buffeted by heavy seas."

"I cannot recall just how often I narrowly saved the lot from landing on the floor and everyone had to eat out of bowls and standing up. Any-



A head for heights



Taking on fuel

thing on the table would almost certainly have ended up on the lap of the crew member opposite."

Diet inevitably becomes a matter of routine except for the vital "treats" that each yacht's

cooks hide away. This is a time-honoured tradition in naval and merchant fleets, the professionals knowing how important a sailor's stomach is to his morale.

The importance of these

little goodies is immense. Captain High might have kept the Bounty under control, if he had not become so uncontrollably and publicly angry over the pilfering from his private supply of coconuts. Mints, chocolate biscuits and jelly babies have all featured aboard the fleet, but doubtless the list will expand as the yachts go "foreign".

Foul weather clothing has been supplied to each crew member by the long-established firm of Musto. Their standard Ocean suit has been specially customised to suit the needs of the British Steel Challenge. Much of the additional safety equipment is to guard against that most feared of all dangers, man overboard. Each crew member will carry a personal EPIRB (electronic position indicating radio beacon) for man overboard location. It is smaller than a cigarette packet, stowed in a specially created breast pocket, and waterproof and buoyant.

The aerial is channelled around the back of the jacket hood as the signal is more effective with the aerial out of the water.

The beacon transmits for up to six hours - small comfort when survival time when immersed in the Southern Ocean is probably around 10 minutes. A direction finder on the chart table indicates the position of the casualty in the water.

Every yacht will carry at least one specially designed Musto survival suit ready to be worn by a designated person in each watch in case a rescuer has to voluntarily go into the water in a man-overboard crisis.

Unlike most safety clothing the new survival suit is easy and comfortable to wear when working on board. Every crew member will also wear special thermal underwear, capable of retaining warmth even when wet.

After a lengthy man-overboard exercise in which the Challenge founder took part, Chay Blyth said: "We finished up with hot cocoa with a good lot of rum and wished the yacht God's speed and fair winds. Where she's going, down to the Antarctic with its hurricanes, fog and icebergs, frankly it seemed appropriate."

28,000 miles the wrong way

SAILORS love bad weather. When one speaks to veterans of other ocean races they talk of spray blown off mountainous waves south of Latitude 55°, where icebergs are more common than seagulls, not balmy evenings running down the African coast - although both may be part of the route.

Those aboard the 10 British Steel Challenge yachts are likely to have a relatively gentle introduction to circumnavigation. After the Solent start the route from Ushant, off north west France, down to Rio de Janeiro doesn't present too many tactical dilemmas.

The biggest problem is likely to be the doldrums, the fabled band of light or non-existent

wind, close to the Equator.

"These yachts have been designed to be safe and almost comfortable in big seas and gales in the Southern Ocean but they are going to be very difficult to keep moving quickly in the light stuff," commented one knowledgeable observer.

The fun really starts off Cape Horn in Leg Two of the 28,000-mile epic race. Here the Atlantic and Southern Oceans meet and gales blow five days out of six. Waves can run every which way and a calm period is almost certainly a precursor of something worse soon to come.

The Horn earned its reputation as the graveyard of ships during the days of the great 19th century merchantmen.

Although fast and seaworthy, these great ships were not terribly manoeuvrable - or handy, to use a sailor's term - they were often caught out by the Horn's sudden changes of mood.

With the prevailing winds after the Cape being about 30/40 knots of westerly, the fleet beats towards Hobart. To prevent them succumbing to the temptation of heading south into the pack ice that breaks off the Antarctic shelf, a way-point has been established at 50 degrees south and the yachts must stay to the north of it.

The fleet will almost certainly converge again at the turning point around the southern tip of New Zealand and from there it will be a madly competitive dash

to Tasmania.

Hobart knows how to welcome yachtsmen. The culmination of the annual Sydney/Hobart race is the QLD "quite little drink" on the quays of the Tasmanian capital. This impromptu Aussie festival has been known to last for days, or until the beer runs out.

The leg of the race from Hobart to Cape Town may very well be where the Challenge is decided. It involves nearly 7,000 miles at sea with not a landfall until Table Mountain rises up to the west.

Cape Town used to be a stop-over port in the other global races but political isolation ended that. The arrival of the BS fleet will herald South Africa's return to the international yacht racing fold and will be a joyously celebrated occasion.

Out of Cape Town the yachts should have fair winds and pleasant weather up the coast of Africa, at least as far as Spain. From there it is likely to be a dog-fight between the lead boats as they battle across Biscay and up into the English Channel next May.

How to stay in touch

THE British Steel Challenge race results are being supplied by British Telecom. Thanks to the latest technology, participants and their families will not only be able to talk to each other on a regular basis, but track their yachts' positions as the race progresses.

Using the worldwide Inmarsat and Global Positioning System (GPS) satellite networks, the BT Results System will deliver:

- Global coverage
- Race HQ control
- Updates on demand
- Fleet or individual positions
- Worldwide results distribution via the BT Fax Database and Challenge Race HQ database.

Each yacht will be equipped with an IBM laptop computer on which the skippers will keep their daily logs. Their reports will be transmitted to Challenge Race Headquarters via Inmarsat-C satellite once a day.

Signals from each yacht are transmitted directly to an Inmarsat satellite and then down to BT's earth station at Goonhilly in Cornwall, from where it is forwarded to its destination.

Challenge Race Headquarters at Petersfield, Hampshire will verify the information received and update the BT Results System. BT's Fax Information Retrieval System (FIRS) will enable the public to receive race updates using a fax machine from anywhere in the UK or abroad, with calls charged at standard national rates. Tables will show yacht latitude and longitude, their course between the last two known positions, speed between the last two known positions, distance to finish, average velocity towards the leg

finish, estimated time of arrival and actual time of arrival. The number to call via a fax machine is 0473 612888 (+44 473 612888 from abroad).

At any time of the day or night the public can keep up to date with what's happening to the crew and their yachts by telephoning 0891 121666 for a recorded message.

Every Friday throughout the

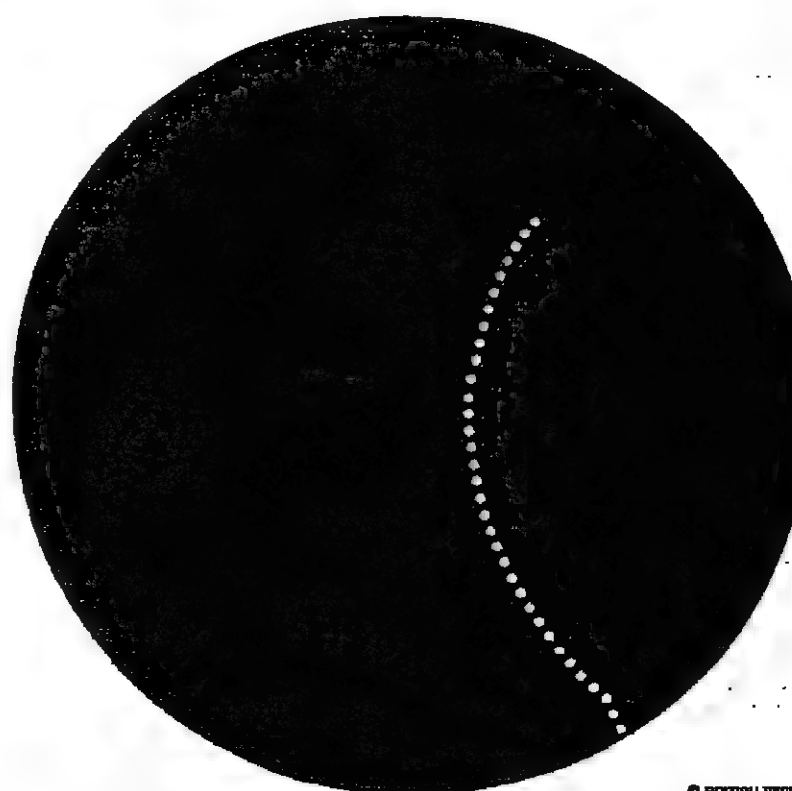
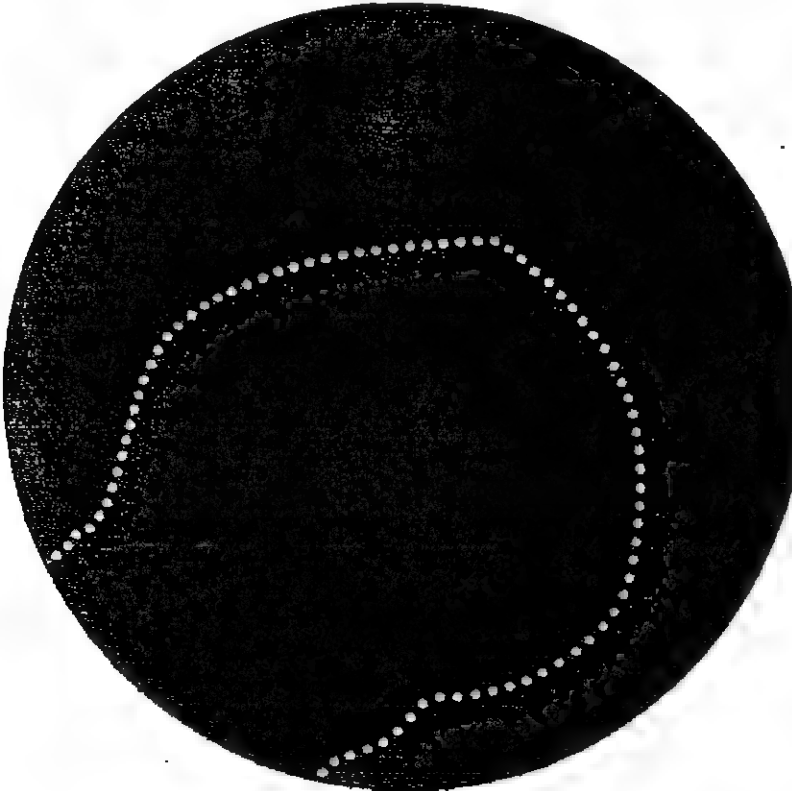
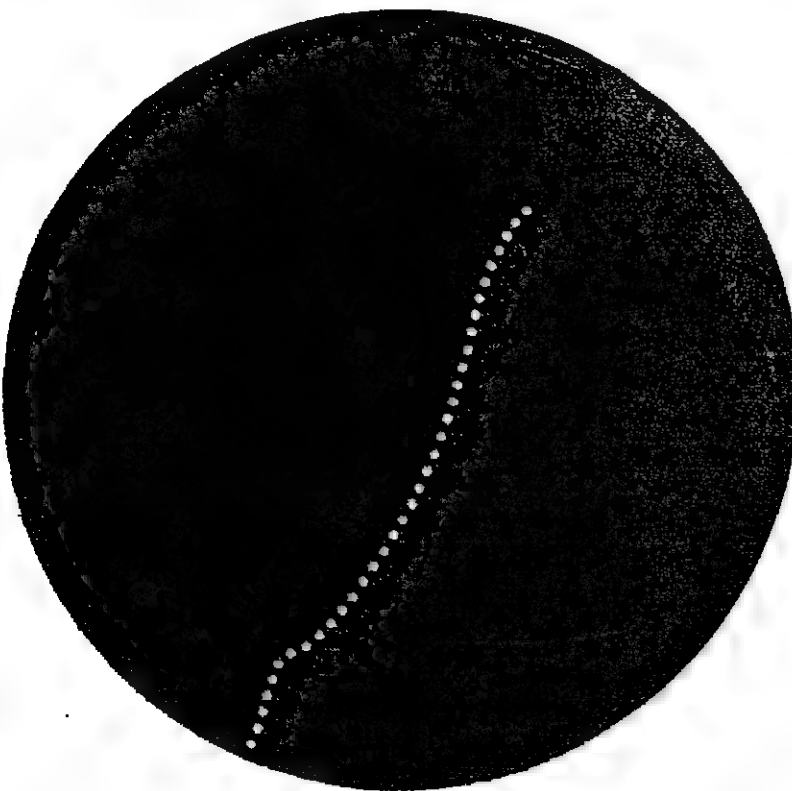
race, Ed Stewart will carry a report on his nationwide Radio 2 programme. Listeners should tune in to FM 88-90.2 MHz from 4 pm.

For those with an IBM compatible 386 PC, a software package is available from BT (cost £45 + VAT) to enable race-watchers to download and manipulate race data themselves for the price of an ordinary phone call.

FAX RETRIEVAL DATABASE:
(from UK) 0473 612888 (from abroad) +44 473 612888

RECORDED TELEPHONE MESSAGE
(from UK only) 0891 121666

To book a telephone call to a yacht, telephone (from UK) 0800 378389
(From abroad contact national call authority)



HM Customs & Excise

Qualified Accountant

Southend
up to £28,904

Customs and Excise wishes to appoint a Finance and Accounting Principal for its Southend headquarters.

In this key post, the successful candidate will support the Deputy Accountant and Comptroller General in both his operational role, and in his function as Head of Accountancy Profession in the Department.

The main elements of the work will include: the strategic development and support of the Accountancy Profession; the management and support of trainee accountants; the review and development of financial and management accounts, ensuring that the design, specification and operation of all systems are based on the most appropriate methodology; the management of accountancy related projects and consultancy; and the management of the departments banking and accounting.

In addition to a professional accounting qualification (ICA, ACCA, CIMA or CIPFA) candidates will have knowledge of current management and accounting systems. Experience of commercial accounting would be an advantage. Applicants will also be expected to demonstrate good technical skills, with the ability to make balanced judgements which show sensitivity and understanding of the major implications of proposed changes. Man management and inter-personal skills will be essential. It awareness would be useful.

Salary is in the range of £24,785 to £28,904 with the opportunity to earn performance pay.

For further details and an application form (to be returned by 21.10.92) please write to Recruitment and Assessment Services, Room 219, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551. Please quote ref. B/1710.

Customs and Excise is an Equal Opportunities Employer. Applications are welcome from all sections of the community regardless of sex, religion, ethnic background or disability.

HM Customs & Excise

FINANCE
MANAGER

Home Counties to £30,000 + Car

With a world class reputation as a major manufacturer of hi-tech products, our client is part of a leading defence industry group. It is emerging from a programme of strategic change and diversification and is now ideally poised for substantial growth.

This key appointment involves the management of a Project Accounting team of 12 people. The development of improved management information systems and maintaining strong financial control on projects will be key to success in this demanding role.

Candidates should be qualified accountants (under 35) with a manufacturing background and who possess strong cost accounting and staff supervisory skills. Knowledge of MOD contracts is useful but not essential.

With an expected order intake of over £300M this year, plus ambitious capital investment plans, prospects are outstanding for the successful candidate. Benefits include a full relocation package.

In the first instance please write with full cv or telephone John Silk.

Deboo Executive

102 OLD STREET, LONDON EC1V 9AY

TELEPHONE: 071-253 1216 (24 HRS) FAX: 071-253 2750

DIRECTORS

Europe's leading outplacement and career management consultancy, InterExec has over 15 years' experience of managing career change for senior executives and many of Britain's largest companies.

By assessing over 6,000 advertised vacancies a year, mostly at £40-150,000 p.a. InterExec provides clients with vital market intelligence AND subsidiary, interim, makes recommendations from its exclusive bank without charge.

For further information call Kate Mitchell on 071-930 3041

INTEREXEC PLC

Landover House, 19 Charing Cross Road, London WC2H 0ES
AGENTS THE FIRST LARGEST SINGLE SOURCE OF UNADVERTISED VACANCIES

Middle East

MANAGER & SENIOR ACCOUNTANTS
GENERAL DIRECTORATE FOR
PETROLEUM ACCOUNTING

Negotiable Tax Free Salaries and Substantial Benefits

A newly established Directorate for Petroleum Accounting in the Middle East is seeking to appoint an experienced MANAGER who will control the day to day operations of the Directorate and report to the Government on all financial matters covered by Production Sharing Agreements made with Companies holding concessions for the exploration, development and production of crude oil. Responsibilities will include not only the review and monitoring of financial information prepared and submitted by the oil companies under the terms of their Agreements but also the successful implementation and future development of related systems and procedures.

Applicants must be professionally qualified accountants with at least 10 years experience either in an executive position in the oil industry or as an audit manager in a major accounting firm with oil industry clients.

There is also a requirement for SENIOR ACCOUNTANTS to head up Departments of the Directorate, who will report to and work with the Manager in developing the work of the Directorate, in establishing and implementing procedures and liaising with government officials and representatives of the contracting oil companies. They will be particularly responsible for the development and on-the-job training of local counterparts.

Candidates must possess a professional qualification with recent experience either in the oil industry or with a major accounting firm having oil industry clients.

All positions carry tax free remuneration packages including substantial fringe benefits. Candidates with an adaptive and resourceful style and also with experience of organisational developments and personnel training should apply in confidence with a detailed CV to:

W. Martin Dyas,
S&N Corporate Services Ltd.,
International Recruitment Consultants,
135 Notting Hill Gate, London W11 3LB.
Tel: 071-243 0504. Fax: 071-229 2150S & N
CORPORATE SERVICES

Qualified Accountant

Reading
up to £24,535

Customs & Excise wishes to appoint an Accountant for its Thames Valley Region based at Reading.

75% of the areas work is connected with VAT. In this new, key post, which the successful applicant will be expected to develop with enthusiasm, the primary function will be to advise on the effective control of large businesses.

The main elements of the work will include: accountancy advice and support; resource management; training, audit assurance; and communications.

In addition to a professional accountancy qualification (ICA, ACCA, CIMA, or CIPFA) VAT experience or experience of commercial accounting would be a considerable advantage. Man-management and inter-personal skills will be essential.

The appointment is for a two year contract.

Salary is in the range of £21,715 to £24,535 with the opportunity to earn performance pay.

For further details and an application form (to be returned by 21.10.92) please write to Recruitment and Assessment Services, Room 219, Alencon Link, Basingstoke, Hampshire, RG21 1JB or telephone Basingstoke (0256) 468551. Please quote ref. B/1710.

Customs and Excise is an Equal Opportunities Employer. Applications are welcome from all sections of the community regardless of sex, religion, ethnic background or disability.

HM Customs & Excise



FINANCE DIRECTOR

£42k + Car + Benefits South Coast

This is a key role for an experienced finance professional to make a major contribution to one of Europe's largest and most successful organisations.

A broad brief and one where you will be providing a financial and company secretarial service to the Managing Director for the UK based telecommunications business.

In addition, you will be responsible to the Group Finance Director for providing professional management of the UK Holding Company finance function. UK Group turnover is £50m and in this latter role you will be liaising with banks, property and insurance companies and the various regulatory bodies.

Professionally qualified, with extensive experience of managing

a diverse, multi national finance function, it is unlikely that candidates under 40 years will have the depth of experience sought. Fluency in French or German would be a distinct advantage.

The salary and benefits package reflects the importance of this senior role.

If you can demonstrate a successful track record to date, please forward your CV to: Sarah Homby, Lawton Ware Recruitment Services, Shamrock Quay, William Street, Southampton, Hants SO1 1QL. Tel: 0703 639133.

All applications are forwarded to our client. Please state any organisations to whom your application should not be sent.

Lawton Ware

RECRUITMENT ADVERTISING

NEWLY-QUALIFIED
ACCOUNTANTSNewly Qualified
Portfolio

Financial Accountant

East London - To £28,000 + Car

Medium sized light engineering company seeks NQ ACA to undertake a very broad range of tasks including management and statutory reporting. You will be expected to offer financial expertise to subsidiary companies and to tackle work of an ad hoc nature. Please contact David Brownlow quoting reference FT-98A.

Operational Audit

Central London - To £29,000

Bleachip company requires graduate newly qualified ACA to join established and respected operational audit team. Prospects to line management are excellent. Strong audit and spreadsheet skills are essential. 30/40% UK/International travel. Please contact Peter Green quoting reference FT-98B.

Corporate Finance

City - £27,000 + Benefits

Bright NQ ACA is required for executive role in M&A. A strong academic background and top firm training are essential, as is investigative experience and proven knowledge/interest in this field. Please contact Pippa Currie quoting reference FT-98C.

Group Accountant

Central London - £25,000

An international services group needs a newly qualified to join the finance team. The role is varied and is a mixture of financial and management accounts coupled with one-off projects. Strong systems experience is necessary. Please contact Deborah Sherry quoting reference FT-98D.

Management Accountant - Equities

City - £28,000

A highly regarded UK Stockbroker is seeking a bright, newly qualified ACA to take responsibility for monthly management accounting, daily P&L and profitability analysis for its UK and International trading activities. The role will include a high degree of liaison with traders, and will require an enthusiastic, motivated and committed individual. Please contact Joe Thomas quoting reference FT-98E.

Please send your CV to Douglas Lambias Associates, 410 Strand, London WC2R 0NS or fax to 071 579 4826.

EDINBURGH
011-225 7741
GLASGOW
041-225 5101

RECRUITMENT CONSULTANTS

LONDON
071-486 9501

Finance Manager

CIRCA £35,000 • THE COLLEGE OF NORTH WEST LONDON

The creation of the college through the merging of two further education establishments in inner London has created one of the largest colleges in the UK serving over 18,000 students on sites across North West London. In April 1993, it will achieve corporate status and therefore, take full responsibility for its own business affairs, which includes a budget of £18 million. Clearly the implementation of high quality financial accounting will be vital for its future success.

The position will have responsibility for a finance team and will report to the Deputy Principal of Resources. Key responsibility will be for the day to day management of all the college's financial systems and procedures and for the introduction, sustaining and development of meaningful and efficient processes. Candidates therefore must be qualified Accountants, with at least five years relevant accounting experience, possibly looking for a first step into managing a department. A background in the public or private sector in preparing budgets coupled with a knowledge of computerised systems are also essential requirements. The college is at a particularly exciting stage of its development, which will allow the successful applicant to grow and broaden his/her experience in a fast moving environment.

Interested applicants should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1965/FT.

The College is actively committed to equal opportunities.

HUMAN RESOURCE CONSULTANTS
Emerson Court, Alderley Road,
Widnes, Cheshire SK9 1NX
Telephone (0625) 532446FEES AND BILLINGS MANAGER
GUILDFORD

Clyde & Co. is a large international law firm with almost 600 staff in offices in London, Guildford, the Far East, the Middle East and Latin America.

An excellent opportunity has arisen for someone to fill a new position in our financial team based in an attractive modern office in central Guildford. The role involves managing and developing the firm's systems for billing clients and collecting payments and supervising a team of costs draftsmen and clerks. He or she will report to the firm's Chief Accountant and liaise closely with partners and other cashhandlers.

This position will require good accounting experience, including a full understanding of Lotus 1-2-3 software, together with determination, persuasiveness and the ability to lead and motivate a team. Previous experience of legal costing is not essential. In return we offer a competitive salary and benefits, and excellent working conditions in which to fulfil this challenging role.

For further information, in complete confidence, please write to Lisa Wilson, Recruitment Manager, Beaufort House, Chertsey Street, Guildford, Surrey GU1 4HA.

CLYDE & CO

THE EUROPEAN PARLIAMENT, THE COMMISSION OF THE
EUROPEAN COMMUNITIES AND THE COURT OF AUDITORS
are organizing an open competition, based on tests, to constitute a reserve of

ADMINISTRATIVE ASSISTANTS

(career bracket B5/4) (m/f) in the following fields:
• Accounting • Audit • Public finance

Duties will involve the use of computers.

Candidates must:

- be nationals of one of the Member States of the Community;
- have a thorough knowledge of one official Community language and a satisfactory knowledge of a second;
- have been born after 9 October 1955;
- have completed a course of advanced secondary education and obtained a final certificate or diploma;
- have at least two years' relevant experience.

Place of employment: Brussels, Luxembourg, Strasbourg or any other place of Parliament, Commission or Court activity.

All three institutions are equal opportunities employers; applications from women are therefore particularly welcome.

The notice of competition and the official application form contained in Official Journal of the European Communities No C219 A of 26 August 1992 may be obtained by writing (postcard ONLY) to one of the following addresses:

LE PARLEMENT EUROPEEN
Service du Recrutement
Concours généraux (B5/4) - L-1613 LUXEMBOURG
THE EUROPEAN PARLIAMENT
3 Queen Anne's Gate
LONDON SW1N 9 AACOMMISSION OF THE EUROPEAN
COMMUNITIES
In the United Kingdom
8 Watney's Gate
LONDON SW1P 5ATIn Northern Ireland
Windsor House
41-45 Bedford Street
BELFAST BT2 7EGCOMMISSION DES COMMUNAUTÉS EUROPÉENNES
Unité Recrutement
Rue de la Loi 100 - 1049 BRUXELLESLA COUR DES COMPTES
DES COMMUNAUTÉS EUROPÉENNES
Service du Recrutement
Rue Alcide de Gasperi 12
L-1615 LUXEMBOURG

Please quote reference EUR/B/28. Closing date for the submission of applications: 31.10.1992.

FINANCIAL
ACCOUNTING MANAGER
EXCELLENT SALARY AND BENEFITS PACKAGE
SOUTH-EAST LONDON

We are a dynamic international organisation with an unrivalled reputation for selling exclusively designed collectible products by direct response marketing.

In this role, based in our European Headquarters, you will be responsible for control of financial accounting for approximately US\$60 million of revenue in our U.K. and Scandinavian operations, in addition to accounting for our European Warehouse in Rotterdam, ad hoc support of other markets, statutory accounts, VAT reporting and statistical analysis.

A qualified Chartered Accountant you will have at least 2 years' experience since qualification, including management experience; PC skills, in particular with spreadsheets; and success in leading a team of part-qualified and clerical staff in a fast moving business environment.

Travel to Europe will be required and therefore language skills would be an advantage.

To apply please send your c.v. including salary history to:

Human Resources Department,
Franklin Mint Limited,
138 Bromley Road, Catford, London, SE6 2XG
Closing date for applications is 7th October 1992.

We are an Equal Opportunity Employer.

[illegible]

INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594
-------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Continued on next page

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

هكذا اعتدوا

3

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pressure on French franc eases

THE PRESSURE on the French franc in the European Exchange Rate Mechanism eased yesterday, even though the scale of intervention by the Bundesbank and the Bank of France to support the currency was small, *writes James Blair*.

The Bundesbank intervened continuously on the foreign exchange to support the franc, but the amounts that were purchased appeared to be smaller than in previous days. The Bank of France also bought francs after ERM trading closed at 4pm London time as the franc slipped below FF3.41 to the D-Mark, close to its floor of FF3.4305. It later closed in London at FF3.4010.

In US trading, the franc recovered from a wave of short covering by investors who believed that a devaluation might be avoided altogether, and peaked at FF3.3899.

Yesterday's battle to save the franc was a clear victory for the central banks, even if the war to avoid a devaluation has not yet been won. The Bank of France held the currency without raising its 5-10 day lending rate any further and without pushing its intervention rate above 9.6 per cent. Mr Jim Hall, international economist at Swiss Banking

Corp in London, said that if the franc sees the other side of FF3.38, the war will be won altogether.

A more cynical view is that the franc and other ERM currencies are being supported by the re-imposition of exchange controls in several European countries, a move with serious costs for the proposed timetable for European Monetary Union.

Yesterday, Ireland followed Spain's lead in tightening exchange controls to ward off speculators, forcing non-residents to get official approval to engage in Irish punt swaps. Portugal also introduced exchange controls along similar lines. There were rumours last night that the Bundesbank was asking commercial banks to restrict the purchase of German Treasury bills because overnight rates in the German money market had been at

uncompetitively low levels, although this could not be substantiated.

All these moves reduced the purchase of D-Marks, and pushed the escudo and the punt higher. But the most seriously troubled ERM currency yesterday was the Spanish peseta, which closed at Ptas70 to the D-Mark, close to its floor of Ptas72.82. The re-imposition of exchange controls triggered a collapse in the Spanish stock market, undermining confidence. Traders reported that spot exchange was the only operation possible in pesetas, punts and escudos, and that forward markets had dried up.

The volatility was felt in Asia, with investors repatriating their European investments and translating them into yen. The yen closed at ¥120.6 to the dollar from a previous ¥120.1.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% of Unit
Dutch Guilder	1.00	2.20371	-0.02	3.6
French Franc	1.00	6.55957	-0.02	3.6
German Mark	1.00	1.93627	-0.02	3.6
Italian Lira	1.00	2036.27	-0.02	3.6
Spanish Peseta	1.00	166.639	-0.02	3.6
Portuguese Escudo	1.00	200.482	-0.02	3.6

Unit rates set by the European Commission. Conversion rates are in descending order of strength. Percentage change for the day. A positive change denotes a weak currency. Difference shows the rate between the two currencies. The percentage difference between the actual rate and the rate for a currency, and the maximum permitted percentage difference of the currency's market rate from its ECU central rate.

US dollar and other currencies are quoted in US dollars. All rates are for 100 units of the foreign currency.

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Index	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

CURRENCY MOVEMENTS

Currency	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

CURRENCY RATES

Currency	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

OTHER CURRENCIES

Currency	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

MONEY MARKETS

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

RATES SOFTEN

Rate	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

Forward premiums and discounts apply to the US dollar.

FINANCIAL FUTURES AND OPTIONS

Contract	Value	% Change
100 = 100	100.00	0.00
100 = 100	100.00	0.00

CANADA[illegible]

49300	49350	49400	49450	49500	49550	49600	49650	49700	49750	49800	49850	49900	49950	50000	50050	50100	50150	50200	50250	50300	50350	50400	50450	50500	50550	50600	50650	50700	50750	50800	50850	50900	50950	51000	51050	51100	51150	51200	51250	51300	51350	51400	51450	51500	51550	51600	51650	51700	51750	51800	51850	51900	51950	52000	52050	52100	52150	52200	52250	52300	52350	52400	52450	52500	52550	52600	52650	52700	52750	52800	52850	52900	52950	53000	53050	53100	53150	53200	53250	53300	53350	53400	53450	53500	53550	53600	53650	53700	53750	53800	53850	53900	53950	54000	54050	54100	54150	54200	54250	54300	54350	54400	54450	54500	54550	54600	54650	54700	54750	54800	54850	54900	54950	55000	55050	55100	55150	55200	55250	55300	55350	55400	55450	55500	55550	55600	55650	55700	55750	55800	55850	55900	55950	56000	56050	56100	56150	56200	56250	56300	56350	56400	56450	56500	56550	56600	56650	56700	56750	56800	56850	56900	56950	57000	57050	57100	57150	57200	57250	57300	57350	57400	57450	57500	57550	57600	57650	57700	57750	57800	57850	57900	57950	58000	58050	58100	58150	58200	58250	58300	58350	58400	58450	58500	58550	58600	58650	58700	58750	58800	58850	58900	58950	59000	59050	59100	59150	59200	59250	59300	59350	59400	59450	59500	59550	59600	59650	59700	59750	59800	59850	59900	59950	60000	60050	60100	60150	60200	60250	60300	60350	60400	60450	60500	60550	60600	60650	60700	60750	60800	60850	60900	60950	61000	61050	61100	61150	61200	61250	61300	61350	61400	61450	61500	61550	61600	61650	61700	61750	61800	61850	61900	61950	62000	62050	62100	62150	62200	62250	62300	62350	62400	62450	62500	62550	62600	62650	62700	62750	62800	62850	62900	62950	63000	63050	63100	63150	63200	63250	63300	63350	63400	63450	63500	63550	63600	63650	63700	63750	63800	63850	63900	63950	64000	64050	64100	64150	64200	64250	64300	64350	64400	64450	64500	64550	64600	64650	64700	64750	64800	64850	64900	64950	65000	65050	65100	65150	65200	65250	65300	65350	65400	65450	65500	65550	65600	65650	65700	65750	65800	65850	65900	65950	66000	66050	66100	66150	66200	66250	66300	66350	66400	66450	66500	66550	66600	66650	66700	66750	66800	66850	66900	66950	67000	67050	67100	67150	67200	67250	67300	67350	67400	67450	67500	67550	67600	67650	67700	67750	67800	67850	67900	67950	68000	68050	68100	68150	68200	68250	68300	68350	68400	68450	68500	68550	68600	68650	68700	68750	68800	68850	68900	68950	69000	69050	69100	69150	69200	69250	69300	69350	69400	69450	69500	69550	69600	69650	69700	69750	69800	69850	69900	69950	70000	70050	70100	70150	70200	70250	70300	70350	70400	70450	70500	70550	70600	70650	70700	70750	70800	70850	70900	70950	71000	71050	71100	71150	71200	71250	71300	71350	71400	71450	71500	71550	71600	71650	71700	71750	71800	71850	71900	71950	72000	72050	72100	72150	72200	72250	72300	72350	72400	72450	72500	72550	72600	72650	72700	72750	72800	72850	72900	72950	73000	73050	73100	73150	73200	73250	73300	73350	73400	73450	73500	73550	73600	73650	73700	73750	73800	73850	73900	73950	74000	74050	74100	74150	74200	74250	74300	74350	74400	74450	74500	74550	74600	74650	74700	74750	74800	74850	74900	74950	75000	75050	75100	75150	75200	75250	75300	75350	75400	75450	75500	75550	75600	75650	75700	75750	75800	75850	75900	75950	76000	76050	76100	76150	76200	76250	76300	76350	76400	76450	76500	76550	76600	76650	76700	76750	76800	76850	76900	76950	77000	77050	77100	77150	77200	77250	77300	77350	77400	77450	77500	77550	77600	77650	77700	77750	77800	77850	77900	77950	78000	78050	78100	78150	78200	78250	78300	78350	78400	78450	78500	78550	78600	78650	78700	78750	78800	78850	78900	78950	79000	79050	79100	79150	79200	79250	79300	79350	79400	79450	79500	79550	79600	79650	79700	79750	79800	79850	79900	79950	80000
										10000 Untrans										87%										74%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
										50000 Untrans										81%										16%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
										Total Sales										10,255,000 shares																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
24000	24050	24100	24150	24200	24250	24300	24350	24400	24450	24500	24550	24600	24650	24700	24750	24800	24850	24900	24950	25000	25050	25100	25150	25200	25250	25300	25350	25400	25450	25500	25550	25600	25650	25700	25750	25800	25850	25900	25950	26000	26050	26100	26150	26200	26250	26300	26350	26400	26450	26500	26550	26600	26650	26700	26750	26800	26850	26900	26950	27000	27050	27100	27150	27200	27250	27300	27350	27400	27450	27500	27550	27600	27650	27700	27750	27800	27850	27900	27950	28000	28050	28100	28150	28200	28250	28300	28350	28400	28450	28500	28550	28600	28650	28700	28750	28800	28850	28900	28950	29000	29050	29100	29150	29200	29250	29300	29350	29400	29450	29500	29550	29600	29650	29700	29750	29800	29850	29900	29950	30000	30050	30100	30150	30200	30250	30300	30350	30400	30450	30500	30550	30600	30650	30700	30750	30800	30850	30900	30950	31000	31050	31100	31150	31200	31250	31300	31350	31400	31450	31500	31550	31600	31650	31700	31750	31800	31850	31900	31950	32000	32050	32100	32150	32200	32250	32300	32350	32400	32450	32500	32550	32600	32650	32700	32750	32800	32850	32900	32950	33000	33050	33100	33150	33200	33250	33300	33350	33400	33450	33500	33550	33600	33650	33700	33750	33800	33850	33900	33950	34000	34050	34100	34150	34200	34250	34300	34350	34400	34450	34500	34550	34600	34650	34700	34750	34800	34850	34900	34950	35000	35050	35100	35150	35200	35250	35300	35350	35400	35450	35500	35550	35600	35650	35700	35750	35800	35850	35900	35950	36000	36050	36100	36150	36200	36250	36300	36350	36400	36450	36500	36550	36600	36650	36700	36750	36800	36850	36900	36950	37000	37050	37100	37150	37200	37250	37300	37350	37400	37450	37500	37550	37600	37650	37700	37750	37800	37850	37900	37950	38000	38050	38100	38150	38200	38250	38300	38350	38400	38450	38500	38550	38600	38650	38700	38750	38800	38850	38900	38950	39000	39050	39100	39150	39200	39250	39300	39350	39400	39450	39500	39550	39600	39650	39700	39750	39800	39850	39900	39950	40000	40050	40100	40150	40200	40250	40300	40350	40400	40450	40500	40550	40600	40650	40700	40750	40800	40850	40900	40950	41000	41050	41100	41150	41200	41250	41300	41350	41400	41450	41500	41550	41600	41650	41700	41750	41800	41850	41900	41950	42000	42050	42100	42150	42200	42250	42300	42350	42400	42450	42500	42550	42600	42650	42700	42750	42800	42850	42900	42950	43000	43050	43100	43150	43200	43250	43300	43350	43400	43450	43500	43550	43600	43650	43700	43750	43800	43850	43900	43950	44000	44050	44100	44150	44200	44250	44300	44350	44400	44450	44500	44550	44600	44650	44700	44750	44800	44850	44900	44950	45000	45050	45100	45150	45200	45250	45300	45350	45400	45450	45500	45550	45600	45650	45700	45750	45800	45850	45900	45950	46000	46050	46100	46150	46200	46250	46300	46350	46400	46450	46500	46550	46600	46650	46700	46750	46800	46850	46900	46950	47000	47050	47100	47150	47200	47250	47300	47350	47400	47450	47500	47550	47600	47650	47700	47750	47800	47850	47900	47950	48000	48050	48100	48150	48200	48250	48300	48350	48400	48450	48500	48550	48600	48650	48700	48750	48800	48850	48900	48950	49000	49050	49100	49150	49200	49250	49300	49350	49400	49450	49500	49550	49600	49650	49700	49750	49800	49850	49900	49950	50000	50050	50100	50150	50200	50250	50300	50350	50400	50450	50500	50550	50600	50650	50700	50750	50800	50850	50900	50950	51000	51050	51100	51150	51200	51250	51300	51350	51400	51450	51500	51550	51600	51650	51700	51750	51800	51850	51900	51950	52000	52050	52100	52150	52200	52250	52300	52350	52400	52450	52500	52550	52600	52650	52700	52750	52800	52850	52900	52950	53000	53050	53100	53150	53200	53250	53300	53350	53400	53450	53500	53550	53600	53650	53700	53750	53800	53850	53900	53950	54000	54050	54100	54150	54200	54250	54300	543							

SEC Gold COMB/F78	927.06	917.0	956.0	939.0	1,027.50 (22.1)	867.00
SEC Industrial COMB/F78	4385.04	4348.9	4346.0	4359.0	4699.00 (4.6)	3973.00
SOUTHWESTERN						
Southwest COG/22/85	100.15	99.28	107.59	110.78	106.51 (8.0)	110.15
Home Comp EIS 1/21/86	523.53	524.35	518.16	521.54	661.48 (6.0)	499.07
SP-48						
Health SEC COG/22/85	110.15	105.28	107.59	110.78	106.51 (8.0)	110.15
SWEDEN						
Afformance Gas 1/21/87	798.4	799.8	736.0	745.1	1014.50 (11.0)	797.20
SWITZERLAND						
Swiss Bank Int'l COG/22/80	861.8	864.6	861.9	858.0	883.40 (3.2)	748.50
SEC Industrial COMB/F78	647.8	646.9	645.7	643.5	682.30 (3.2)	596.40
TAIWAN						
Weighted Price COMB/84	3340.48	3249.43	3334.78	3481.90	3391.63 (2.0)	3437.40
Transair SEC COG/22/85	863.61	871.37	863.42	871.37	871.37 (2.0)	867.81
THAILAND						
World SEC COG/22/85	863.61	871.37	863.42	871.37	871.37 (2.0)	867.81
U.S. WORLD						
U.S. Capital Ind COMB/22/80 (B)	505.11	505.6	504.0	502.9	548.18 (7.1)	467.50
Dom Top-100 COMB/85	587.72	586.67	585.80	583.35	578.55 (2.5)	579.32
U.S. FOREIGN SECURITY						
10-Times Weighted Price COMB/78	3569.73	3569.73	3569.73	3569.73	3569.73	3569.73
U.S. SEC						
1-Select to official recalculation.	*Calculated at 15.00 GARY.					
Base values of all indices are 100 in 1964. Source: Investor's Trade, INC., 1815 E. Main St., Suite 100, Denver, CO 80202. SEC Data - 255.7, SEC 20 Industrials - 264.3 and Securities All Industry - 266.0.	*Calculated at 15.00 GARY.					
Source: U.S. Securities and Exchange Commission.	*Calculated at 15.00 GARY.					

for asking)

OUR OWN OF THE ALTIMES?

else's? The FT is read by four times as many
is any other international newspaper.* Make
copy daily.

"LBSB" (1991)

SCRIPTION OFFER IS AVAILABLE NOW!

part in Frankfurt on 49 69 156850.

ALTIMES
LBSB 1991-1992

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NEW YORK STOCK EXCHANGE COMPOSITE PRICE

Continued on next page

AMERICA

Equities draw strength from bond prices

Wall Street

BUOYED by a rebound in bond prices, US stock markets registered modest gains across the board in active trading yesterday, writes Patrick Hurverson in New York.

By 1pm the Dow Jones Industrial Average was up 12.70 at 3,291.39. The more broadly based Standard & Poor's 500 was also higher at the halfway stage, up 0.91 at 418.35, while the Amex composite firmed 0.16 to 380.07 and the Nasdaq added 2.01 at 584.97. Turnover on the NYSE was 113m shares by 1pm.

The market drew all its strength from bond prices. The sharp fall in bonds, which had pushed long-term yields up sharply, had prompted talk that the Treasury market was heading for a sustained bear phase. Yesterday's recovery in bond prices helped allay fears of rising interest rates.

Ironically, the gains in bond prices were a reaction to bad economic news; the latest weekly jobless claims figures showed a much bigger rise in the number of people claiming state unemployment insurance than had been expected.

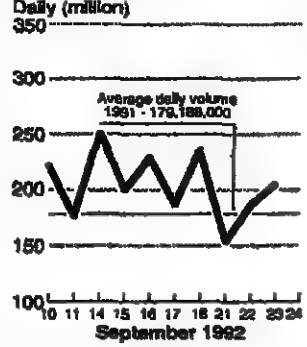
Among individual stocks, car manufacturers remained in the limelight. Chrysler rose 3% to \$22.15 in active trading after the company said that it had reached a tentative agreement with unions which should avert a strike by drivers and technicians.

General Motors, which fell sharply earlier in the week on analysts' downgrades, recovered 3% to \$33.75. Ford, which had performed relatively well this week, suffered a reaction, dropping 3% to \$40.40.

Browning-Ferris Industries climbed 3% to \$24.45 after the brokers, Kidder Peabody, highlighted the stock as an attractive buy in expectation of a positive fiscal fourth quarter. Unisys jumped 3% to \$9.40.

after the computer group declared a \$1.40625 a share dividend on its series A cumulative convertible preferred stock, payable October 15.

On the Nasdaq market, NYSE volume



SAO PAULO saw an 11.1 per cent rise in the Bovespa index, up 4,178 at 41,686 in heavy mid-morning trading, after the Supreme Court upheld a decision by Congress to hold an open vote on a proposal to impeach the President of Brazil, Fernando Collor de Mello.

Athens Neurosciences firmed 3% to \$6.40 after saying that results of new studies had backed its plan to develop tests and therapeutic drugs for sufferers of Alzheimer's disease. Checkers Drive-In rose 3% to \$22.40 on the news that it had opened 60 stores in and around Philadelphia over the next two years.

Canada

TORONTO was mixed at midday in subdued dealings, as the market remained wary about a possible key rate increase by the Bank of Canada to defend the Canadian dollar.

The TSE-300 composite index rose 3.2 to 3,412.6 in volume of 18.2m shares valued at C\$181.6m. Declines outstripped advances by 194 to 173 with 259 unchanged.

EUROPE

Accelerated downtrend for German carmakers

A MIXED day for bourses saw Swiss shares easier in spite of a rate cut. Spain still unhappy about measures to protect the peseta, and more pain for German carmakers as investors broke off their recent love affair, writes Our Markets Staff.

FRANKFURT's carmakers accelerated their downturn, BMW losing DM29 to DM48 for a fall of 12.1 per cent on the week so far. Daimler by DM30.30 to DM57.70 for 8.2 per cent and Volkswagen by DM11.50 to DM25 for a four-day fall of 8.1 per cent.

The DAX index fell 26.89, or 1.7 per cent on the day to 1,530.94. Paribas Capital Markets said that Deutsche Bank was reported to be downgrading BMW and Daimler by around 5 per cent and VW by 10-15 per cent. Dresdner said that it was recalculating its figures to incorporate exchange rate problems; and, in London, James Capel put out a sell note on BMW.

Turnover rose from DM4.9bn to DM5.1bn. Banks, again, held up much better than average. Deutsche Bank closed at DM656, down DM5.50 on the day and on the week. Even

FT-SE Eurotrack 100 - Sep 24							
Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1046.29	1045.30	1042.91	1042.02	1042.48	1042.51	1040.60	1041.31
Day's High 1047.51				Day's Low 1039.35			
Sep 23	Sep 22	Sep 21	Sep 18	Sep 17			
1043.77	1044.34	1050.43	1070.95	1058.13			

more interest rate-sensitive, Bayernhypo and Bayernverein rose another DM1 and DM1.50 to DM634 and DM411 respectively, up DM7 and DM4 on the past four days.

MADRID fell to its lowest level since December 1986 as foreign investors sold heavily following the reintroduction of currency controls on Wednesday. The general index lost 7.07 or 3.4 per cent to 198.15 while the Iboex was 3.8 per cent weaker. Turnover swelled to some Ptas17m.

Analysts agreed that there was a massive capital outflow as foreign institutions sold positions and traders were anticipating another choppy day.

PARIS stabilised as pressure on the franc eased slightly after several days of turbulence. The CAC-40 index closed

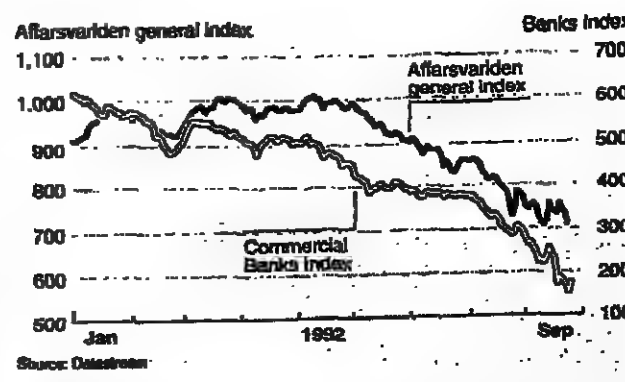
just 0.57 ahead at 1,833.50 after a day's high of 1,833.17.

Among the session's movers Lyonnaise des Eaux-Dumex lost FF21 or 3.9 per cent to FF510 after warning that second half earnings would be affected by weakness in the property sector. Lafarge Coppe gained FF10 to FF239 on better-than-expected figures while Michelin improved FF5.50 to FF201.50 following a meeting with analysts.

Saint-Louis closed down FF5 or 4.7 per cent at FF1,095 on a fall in first half earnings published after Wednesday's close.

MILAN fell victim to anxiety about interest rates, and a 2.58 rise to 367.12 in the Comit index was replaced by a 1.3 per cent drop, in lira terms, in the Italian component of the FT-SE Eurotrack 100 index in the

Sweden



London afternoon.

Sip, after Wednesday's 14 per cent increase in first half gross profits, fell 1.21 to L869.4 on worries that it could be hit by political wrangling over the future of the telecommunications sector, and the proposed 0.75 per cent tax on corporate net assets.

Flat fixed L43 higher at L3,621, but retreated to L3,565 on the kerf ahead of more than halved pre-tax profits for the first half of 1992. Sir. Mr Carlo De Benedetti's holding company, tumbled L47.5, or 5 per cent to L904.3 on worries about

the outlook for Olivetti, its main unit, which fixed L25 lower at L1,715 and fell to L1,680 on the kerf.

AMSTERDAM ended flat as a predicted further interest rate cut by the central bank failed to materialise. The CBS Tendency index closed unchanged at 113.1.

Nedlloyd finished down F11.20 at F135.50 with news coming during the session that Mr Torstein Hagen had won a court ruling enabling him to take his seat on the board of the transport group. A negative analysts' meeting

left DSM down F12.70 at F134.60 while news of improved prospects for Philips' CR-1 system lifted the shares 40 cents to F124.80.

VIENNA eased slightly as the impetus from Wednesday's cut in the money market intervention rate faded. The ATX index ended down 7.94 at 828.11. Vienna Airport went against the trend, rising Sch42 to Sch498 after reporting a 36 per cent increase in first half net profits.

STOCKHOLM scored a 15.3 per cent rise in the banks and finance index, encouraged by a government pledge to build a safety net under the country's shaky financial system.

S-E-Banken, which faces a SKr1bn loan exposure to the troubled bank holding group, Gota, was the day's winner, the restricted A rising SKr2 to SKr12.3. Handelsbanken B rose SKr3 to SKr26.

However, other shares were mixed to lower and the Allshare General Index eased 0.30 to 708.90. Professionals noted, meanwhile, that the banks and finance index had fallen by more than 70 per cent this year before yesterday's recovery.

ASIA PACIFIC

Nikkei rises as higher yen prompts interest rate hopes

Tokyo

THE SURGE in the yen to a record high against the dollar raised hopes of lower interest rates, and shares advanced on active buying by investment trusts and dealers, writes Emiko Terazono in Tokyo.

The Nikkei average gained 327.23 at 18,609.56, having opened at the day's low of 18,225.64 and reaching a high of 18,701.95 in the afternoon. Volume increased to 370m shares from 288m, although institutional investors said they were in no hurry to trade in large lots. Rises outnumbered falls by 703 to 303, with 139 issues unchanged. The Topix index of all first section stocks put on 15.02 to 1,381.18, and in London the ISE/Nikkei 50 index firmed 1.90 to 1,107.23.

The yen appreciated to Y119.53 against the dollar in the morning session as the currency turmoil in Europe prompted Japanese investors to liquidate European currency holdings. It closed at Y120.25 on position adjustments.

Hopes of an imminent discount rate cut by the Bank of Japan also sparked a rally on the government bond market, where the yield on the No 145 10-year benchmark bond fell 11 basis points to 4.78 per cent.

Potential beneficiaries of a higher yen and lower interest rates rallied, while exporters lost ground. Steels and shipbuilders were higher.

Among leading exporters, Hitachi led Y13 to Y799 and Matsushita Electric Industrial Y60 to Y140. Toyota Motor receded Y20 to Y1,420 and Honda Motor fell Y80 to Y1,320.

A firm resource-related sector had Nippon Oil Y90 ahead at Y890 and Showa Shell Sekiyu up Y60 at Y1,570. Electric power companies gained ground. Tokyo Electric Power appreciated Y80 to Y2,800.

Individuals and dealers continued to trade speculative stocks. Mitsui Mining & Smelting, the most active issue of the day, climbed Y80 to Y523, reflecting reports of a gold mine discovery in southern Japan. Sumitomo Metal Mining moved ahead Y22 to Y764.

In Osaka, the OSE average rose 218.21 to 19,822.90 in volume of 40m shares.

Roundup

THE region's markets were mixed yesterday. BANGKOK saw some profit-taking following a sharp rally

over the past week as investors reacted positively to the formation of the new government. The SET index shed 7.76 to 883.61, while turnover soared to Bt20.5bn, only the second day that daily turnover has exceeded Bt20bn.

Bangkok Land and Kriska Mahanakorn retreated Bt4 and Bt14 respectively to Bt146 and Bt230.

AUSTRALIA recovered from early falls to end the day slightly higher on heavy Japanese buying of futures contracts. After declining 10 points initially, the All Ordinaries index closed a net 2.2 up at 1,507.2. Turnover was A\$312m.

Westpac slipped 9 cents to A\$2.91 after announcing that its A\$1.2bn rights issue had closed with a 72 per cent shortfall. News Corp was up 22 cents at A\$24.20 following a

forecast of record earnings for 1992/93.

HONG KONG saw overseas selling as uncertainty about the future of the Colony's new airport soured sentiment. The Hang Seng index regained some ground in late trading to finish 53.31 down at 5,658.73, having earlier registered a 90-point fall. Turnover expanded to HK\$1.96bn from Wednesday's HK\$1.65bn.

MANILA saw dull trading and the composite index eased 1.13 to 1,386.42. Turnover jumped to 307.2m pesos from the previous day's 184m pesos.

SEOUL's early gains were eroded as political worries persisted. The composite index was finally off 1.00 at 523.35 in turnover of Won210.45bn. Some analysts said Daewoo Group shares were vulnerable and led other leading stocks down.

BOMBAY fell sharply on fears that today's meeting between brokers and officials of the Securities and Exchange Board of India (SEBI) could lead to a confrontation. The BSE index closed 51.79 lower at 3,246.98.

Source chiefs are expected to oppose SEBI moves, which include changing the composition of exchange boards to a 50 per cent portion of outside nominees and reducing settlement periods.

SOUTH AFRICA

INDEX-LINKED industrial and financial shares registered strong gains as unit trusts window-dressed portfolios before the end of the month. The industrial index rose 26 to 4,181 and the overall index was up 7 to 3,190. The gold index fell 10 to 907.

Caricom sets up investment fund

Companies in the region stand to benefit, writes Canute James

CARIBBEAN Community (Caricom) governments are considering proposals from Crown Agents Assets Management, of the UK, and two Jamaican finance houses, for the management of a \$50m investment fund for the region.

The British company, which manages investment funds and aid finance programmes in developing countries, is in competition with the IGVW Group, a financial services conglomerate, and the Trafalgar Development Bank, which has proposed itself as the lead partner in a consortium with foreign finance houses.

The three companies' proposals are being reviewed by a committee of regional central bankers and economists. They are expected to inform the community's heads of government of their decision next February.

Although it is seeking one fund, the community will allow more than one if companies provide adequate proposals on raising the capital and in meeting other conditions.

The community's members are the English-speaking countries of the region, including Belize in Central America, the Bahamas, and Guyana in South America. It has a cumulative market of 5.5m people and is attempting to create a customs

union and a common market by 1994.

The community expects the fund to invest in equities in all member countries, with a portfolio which will cover listed and unlisted stocks, including unquoted companies wanting funds for expansion and likely to be listed on the stock market.

Only three of the countries - Jamaica, Trinidad and Tobago, and Barbados - have stock markets, while the Guyana government is planning one. The fund will also invest in countries without a local

stock market, including the smaller islands of the eastern Caribbean.

When it is established, the Caribbean investment fund will undertake equity investments in sectors such as export and domestic agriculture, tourism, construction, utilities,

financial services and real estate development, but with more attention to those undertakings involved in exporting.

The fund will include ordinary shares, as well as warrants for up to 10 per cent of the capital, and these will be listed on an international stock exchange. Its shares

will be placed mainly with institutional investors in developed countries which have a special interest in the Caribbean. Some placements will also be done in the Caribbean.

Capital for the fund will be raised through private placings with institutional investors which, the Community governments hope, will ensure quick procurement and an early start. The Community feels that since the investments will take some time, all the capital does not have to be attracted at the start once there is an assurance of an ability to raise the full amount over two years.

The fund will be particularly beneficial to the many companies in the region which have become highly geared and want to change their debt/equity structure. Many have been dependent traditionally on loans for their expansion, and have had only moderate success in attracting equity capital.

The new fund will have many opportunities for investing in regional enterprises, with the governments of Jamaica, Trinidad and Tobago, and Guyana divesting themselves of several companies, and inviting foreign and local private sector participation.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS									
WEDNESDAY SEPTEMBER 23 1992									
Figures in parentheses show number of times of stock	US Dollar Index	Days' Change %	Point Starting Index	Yen Index	Doll Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index
Australia (68)	127.83	-1.1	110.03	97.04	99.79	117.96	-1.1	4.17	128.25
Austria (19)	158.82	+0.6	138.69	121.34	124.27	121.71	+1.1	2.35	158.53
Belgium (43)	139.82	-0.7	121.33	106.14	108.16	108.08	-0.4	8.78	140.22
Canada (114)	121.95	-1.0	105.89	92.58	95.19	100.72	+0.0	3.21	123.12
Denmark (33)	197.88	-2.0	171.54	150.08	154.32	156.14	-1.9	1.82	201.78
Finland (15)	32.84	-2.0	46.86	40.12	41.28	52.57	-0.8	2.99	33.94
France (102)	156.65	-0.7	135.94	118.92	122.78	125.87	-0.5	3.37	157.88
Germany (54)	113.64	-0.8	98.61	88.28	88.70	88.70	+0.2	2.98	114.34
Hong Kong (63)	236.82	-0.8	205.90	179.78	184.87	236.01	-0.8	3.65	238.70
Ireland (16)	150.46	-3.3	100.58	114.22	117.45	121.87	-1.5	4.44	155.00
Italy (78)	50.36	-2.2	43.70	38.23	39.31	47.36	-1.1	4.40	51.80
Japan (473)	113.95	+0.9	98.88	86.50	86.50	86.50	+0.0	0.98	112.96
Malaysia (58)	241.91	+0.1	209.82	185.64	188.83	233.50	+0.2	2.82	241.71
Mexico (15)	1202.04	-2.0	1043.10	912.56	989.34	1092.58	-1.4	1.41	1223.89
Netherlands (26)	161.85	-0.8	140.27	122.72	126.19	124.54	+0.2	4.55	163.01
New Zealand (14)	42.34	+0.2	36.74	32.14	33.05	41.74	-0.1	5.30	42.25
Norway (22)	151.40	+0.8	124.44	108.87	111.55	117.61	+1.2	2.06	142.27
Portugal (38)	183.66	+0.0	159.29	139.36	143.29	135.84	+0.2	2.42	183.51
Singapore (38)	183.66	+0.0	159.29	139.36	143.29	135.84	+0.2	2.42	183.51
South Africa (61)	173.38	-0.5	152.19	133.14	136.90	155.96	+0.3	3.27	176.21
Spain (46)	123.77	-3.0	107.41	91.97	95.82	95.50	-1.2	8.26	120.20
Sweden (30)	158.93	-3.8	136.79	121.42	124.86	122.77	-2.5	2.10	163.24
Switzerland (80)	117.50	-0.0	101.96	89.21	91.73	95.39	+0.5	2.24	117.55
United Kingdom (228)	174.90	-0.2	151.42	132.48	136.20	151.42	-0.2	4.86	174.88
USA (522)	170.22	+0.1	147.72	129.23	132.89	170.22	+0.1	2.98	170.09
Europe (782)	140.73	-0.5	122.12	106.84	109.08	116.13	-0.2	4.08	141.38
Nordic (100)	147.29	-2.8	127.82	111.62	114.98	119.90	-0.2	2.58	151.56
Pacific Basin (718)	117.95	+0.7	102.35	89.55	92.08	91.85	-0.1	1.31	117.15
Asia-Pacific (1487)	127.17	+0.2	110.35	96.54	99.27	101.57	-0.2	2.55	126.96
North America (836)	167.21	-0.0	145.10	126.98	130.55	156.10	+0.1	2.98	167.16
Europe Ex. UK (554)	123.23	-0.4	104.35	91.31	93.89	94.52	-0.3	3.51	121.01
Pacific Ex. Japan (842)	157.19	-0.7	136.40	119.34	122.71	141.83	-0.7	3.88	158.36
World Ex. US (1630)	128.10	+0.1	111.17	97.26	100.01	103.45	-0.2	2.57	127.97
World Ex. UK (1984)	138.19	+0.1	119.82	104.92	107.88	121.26	+0.0	2.49	138.07
World Ex. SA. Jpn. (2151)	141.29	+0.1	122.53	107.20	110.23	123.87	-0.1	2.73	141.08
World Ex. Japan (1739)	157.20	-0.2	136.41	119.35	122.73	145.55	-0.1	3.40	157.01
The World Index (2212)	141.34	+0.1	122.68	107.30	110.34	123.99	-0.1	2.74	141.21

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited, 1992. Latest prices were unavailable for this edition. Japanese market closed September 23.

VENTURE CAPITAL

Friday September 25 1992

SECTION III

The industry's
focus is
narrowing

The swashbuckling days of the venture capital industry are long past. The shift now towards larger deals and the emphasis on buy-outs means that even the largest venture capital firms are being forced into alliances, writes Charles Batchelor

VENTURE CAPITAL is dead. Long live private equity. The strength of the recession together with structural changes in the venture capital industry have combined to bury the notion that the US venture capital model could be exported to Europe in its original form.

It is being replaced by a range of equity investments which frequently owe more to the corporate finance skills of the merchant banker than to the hands-on, industry-wise expertise of the early US venture capitalists. It is not a risk-free activity but it seeks a more stable investment climate than that required by the venture capital pioneers who backed Genentech, Microsoft and Apple Computer.

In the UK, the most innovative European venture capital market, the dominance of management buy-outs and later stage, development capital investments is so complete that an early swing back to start-ups or early stage funding appears unlikely.

"There was a naive belief that the US model could be repeated in the UK," says Mr Ian Hawkins of Philinvest Ventures. "But, you are talking about a much smaller economy with much longer lead times for companies to get established."

This narrowing of the focus of the venture capital industry has yet to become fully apparent because many of the funds which have been unable to

raise further finance have simply gone quiet, managing their portfolios on a "caretaker" basis. There is evidence though of an increasing casualty rate among the early stage players, the poor performers and the peripheral funds for which venture capital was not a mainstream activity.

Even the large funds which remain have been reducing the scale of activity in tricky and less profitable areas of start-ups and technology businesses. They now concentrate on buy-outs and on helping established, profitable companies expand.

There is a successful (UK) development capital industry, but how do we address the early stage and seed capital investments?" asks Mr John Rusler, venture capital partner at accountants ERMG Peat Marwick. "Venture capital has been good for part of the funding gap."

The structural changes now under way in UK venture capital provide a sombre backdrop for the government's declared enthusiasm for the industry. Mr Norman Lamont, the chancellor, noted approvingly in his 1992 budget speech that Britain had a venture capital industry "the equal of that anywhere in the world, outside the US."

Yet his remarks came at a time when the industry was retreating from backing the small companies which formed the core of the government's enterprise drive during the 1980s. His comments also high-



Award winner: Adrian Breger at Breger Gibson's production plant at Holywell, Clwyd, in north Wales

lighted a discrepancy between stated government aims and its policies towards venture capital.

The abolition of the Business Expansion Scheme from the end of 1993 will remove a tax-based incentive of this kind or of any pump-priming help for the venture capital industry generally.

Amid the gloom there are signs that the smaller investments, those which are uneconomic for the larger venture capital houses are being taken over by small, local venture firms and groups of private investors or "business angels."

There is some evidence that wealthy private individuals, usually with a business background, are backing small

firms, either individually or as part of small syndicates. In the US, business angels are thought to provide two or three times as much finance as the formal venture capital industry. The UK government is currently sponsoring five pilot schemes to see how this idea could be developed.

At the same time, attempts are continuing to make small scale venture investments work. Midland Bank has unveiled a scheme to provide equity finance to promising business customers while it is experimenting with initiatives to cut the cost of small investments and to involve local business support agencies in selecting companies to back.

AGAINST the background of these structural changes, the venture capitalists have to continue to earn their management fees. UK venture capital companies invested £1.15bn in 1991, a decline of 17 per cent on the year before, while the number of companies backed fell by 11 per cent to 1,396, according to the British Venture Capital Association. Funds raised also fell sharply, to just £278m from

£332m in 1990. The extent of these declines is not quite as bad as it first seems because they suffer from comparison with the late 1980s when the statistics were inflated by a small number of very large management buy-outs and buy-ins. Even so, some venture capitalists expect a further contraction of the UK industry this year.

With the recession less marked in continental Europe, European venture firms (including those in the UK) increased investments by 12 per cent to £24.5bn (£3.2bn). The strongest growth occurred in France, Italy and Spain though Britain remained the largest single market. Continental fund raising also increased, by 14 per cent to £24.9bn. In the US, meanwhile, fund-raising fell for the fourth year running in 1991 to \$1.27bn, according to Venture Economics, a specialist publisher. Investment levels fell to a 10-year low of \$1.95bn.

But even recessions have their silver lining and the present economic climate is a good one for making investments. Deals are more reasonably priced though they frequently

require far more work on the part of the venture capitalist to bring together a good management team, finance and, sometimes, a corporate partner, says David Wansborough of ECI Ventures.

The shift towards larger deals and the emphasis on buy-outs has meant that even the largest venture capital firms are being forced into alliances. Companies disposing of parts of their business by way of a buy-out increasingly want to deal with a financial purchaser rather than a management team. At the same time many venture capitalists have grown wary of participating in large syndicates.

It is this trend towards "bought deals" which has led to 34, the largest UK venture capital group, joining forces with Prudential Venture Managers to underwrite medium and large management buy-outs. Legal & General, a life assurance group which makes direct venture capital investments, meanwhile, has announced plans to seek co-investors to provide half the finance for a series of new funds which would raise £100m a year over the next few years.

Venturer of the Year Award

Success in a highly
competitive market

REPORT BY RHYE DAVID

WHEN THEY first met seven years ago, Adrian Breger (pictured left) was production director of a medical and hygienic disposables company, and Jamie Gibson the finance director of a children's clothing manufacturing company, struggling against low-priced imports.

Today, they are the joint managing directors of their own company employing around 310 people in Holywell, Clwyd, with a turnover in 1991-2 of £24m, making disposable nappies in competition with some of the largest multinational corporations.

They have the satisfaction, too, of being chosen as the third overall winners of the Venturer of the Year Award, sponsored by the Financial Times, Cartier, the Jewellers, and the British Venture Capital Association. The award, now in its third year, is for the individual who has made the best use of venture capital funds.

Disposable nappies have been a fast-growing sector in recent years, replacing terry nappies in all developed markets, including the UK, where the traditional product is now

□ Continued on page 2

which the venture capital industry is going through is the result of the unexpectedly poor performance of many funds. Early promises of high returns have not been fulfilled, particularly by funds which invested at the peak of the economic cycle in 1988-89.

Yet, until recently, no serious attempt had been made to establish a standardised method of valuing companies or of judging the performance of funds. Valuation guidelines have now been agreed in the UK and in continental Europe and work has started on comparable performance measures. This is further evidence that the swashbuckling early days of the venture industry are long past.

□ ON OTHER PAGES:
□ The players, banks; and investors: PAGES 2-3.
□ Performance measures; marketing challenge; technology deals; management buy-outs: PAGES 4-5.
□ UK's leading venture funds; regional funds; glossary of terms: PAGES 6-7.
□ Raising capital: venture capital award - category winners: PAGE 8

\$102,000,000
MANAGEMENT BUY-OUT
OF THE CHANGING BUSINESSES OF
R. J. BUDGE (HOLDINGS) LTD.

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

**MANAGEMENT BUY-IN
OF REGIONAL PUBS
FROM BASS PLC**

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

\$26,000,000
MANAGEMENT AND EMPLOYER BUY-OUT
OF CLYDEBURY LIMITED

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

**MANAGEMENT BUY-IN
OF AUTO & VEHICLE FURNITURE**

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

\$20,000,000
PROPERTY FUND
FOR
RUSGAL ESTATES LTD.

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

\$73,000,000
MANAGEMENT BUY-OUT
OF
PRIMARY INDUSTRIES

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

\$14,000,000
MANAGEMENT BUY-IN
OF

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

\$12,500,000
Management Buy-Out
Eight Engineering & Automotive Businesses
from
Monaco Investments PLC
Bridgeway Group Limited

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

Midland Montagu Ventures
The Venture Catalysts

10 Lower Thames Street, London EC3R 6AE

MIDLAND MONTAGU VENTURES LIMITED. A MEMBER OF IMRO

member HSBC group

VENTURE CAPITAL 2

PLAYERS UNDER PRESSURE

Shake-out continues

THE BRITISH venture capital industry faces a further round of closures and restructuring as it adapts to the tougher operating conditions of the 1990s. So far, the contraction of the sector has gone largely unnoticed as funds move from active investing to managing their portfolios on a "care and maintenance" basis though there has been a growing number of more public discomfitures.

Optimists in the industry regard the shake-out as an inevitable result of the recession and the stage of maturity that the industry has reached. Pessimists fear a further narrowing of the industry's focus - on buy-outs and development capital - and permanent damage to the less fashionable sectors such as seed funding and start-ups.

"The industry will shrink to a core group of half a dozen 'broad brush' players alongside a number of niche players," says Mr David Wandsworth of ECI Ventures. "The weaker management teams with a poor track record and no deal-flow will decline to looking after the rump of their portfolios," comments Ian Hawkins of Philidrew Ventures.

"That will concentrate activity among fewer funds. But venture

capital is still a young, cyclical industry."

Four key factors are presently at work, taking their toll of some of the marginal players. Their influence is likely to become more rather than less pronounced over the next two to three years.

□ Firstly, those funds which have not performed well will be unable to raise further rounds of finance. Funds which invested heavily at the top of the market in 1988-89 in particular are showing very poor returns and may be swept from the board.

□ Secondly, funds which have proved unable to manage problem portfolios will find themselves shut out of future syndication deals. Some venture capitalists have been deeply disillusioned by deal leaders who lacked the skills to help out their portfolio companies when they ran into difficulties. Co-investors found themselves called in to help sort out the problems which should have been dealt with by the deal leader.

The more active players are now unwilling to take part in large syndicates and prefer either to take the entire deal onto their own book or to put together small syndicates consisting only of other venture

funds they can trust.

□ Thirdly, valuation guidelines introduced two years ago by the British Venture Capital Association have exposed a number of funds with imprudent valuation procedures.

□ Finally, both the British and the European Venture Capital Associations are working on standardised measures of performance of venture capital portfolios. These projects are at a very early stage and are not intended to allow the direct comparison of the performance of different funds. Inevitably though, they will shed more light on performance and weed out the less successful.

AT THE seed and early-stage capital end of the market, Oxford Seedcorn Ventures and JMI have both ceased making new investments and are now managing their portfolios on a caretaker basis. Other small players such as

Birmingham Technology Venture Capital are almost fully invested while the recently privatised British Technology Group says its venture capital activities, never in the mainstream of the business, will be even less important in future.

An ambitious attempt by Midland Bank to establish a nationwide network of regional funds has fallen foul of investor caution and initial plans for 11 funds with £55m available for investment have been delayed. Midland was hopeful of launching two of the funds, covering the east Midlands and Yorkshire and Humberside this month but there is no immediate prospect of the others getting off the ground. However, Midland also has plans to provide small amounts of equity - of between £50,000 and £750,000 - to suitable banking customers through a separate Growth Capital initiative.

Despite Midland's difficulties there is growing evidence that

many of the smaller deals are being financed in the regions by small local funds, often with backing from the local authority, its pension fund or a business support organisation such as an enterprise agency or a Training and Enterprise Council. These organisations usually combine social with commercial objectives.

There are also signs that "business angels," private investors usually with a business background, are providing more funds to early stage ventures on a local basis. Angels are sizeable providers of funds in the US. Local funds and business angels both represent low-cost alternatives to the larger venture capital funds which often have central London offices and highly-paid teams of executives to support.

The largest single provider of small amounts of equity capital in recent years has been 3i, currently preparing for a public listing in the

form of an approved investment trust. 3i's flotation plans have caused some concern in the industry that institutions would channel all their venture capital investments through 3i, cutting out the smaller venture funds.

There are also fears that pressure for dividends will force 3i to reduce investments in smaller, riskier companies. Twice postponed because of the seriousness of the recession, the listing is now planned for 1993.

THE SHAKE-OUT is concentrated on the smaller players but even well-established firms have been hit by investments which have turned sour. Summit Equity Ventures, a Midlands venture group with more than £40m under management, was bought out by Schroder Ventures and Lyndsay Bury, a founder of Apricot Computers, after a sharp drop in the net asset value of one of its funds.

Drayton Consolidated, meanwhile, became the latest investment trust specialising in unquoted investments to be forced into making a savage write-offs on its portfolio.

Drayton wrote off more than half the value of its unlisted assets - from £27m to £40m - in the six

months ended March 1992.

Until recently the general assumption in the industry had been that the independent funds, which raise capital from outside investors, would be most vulnerable in a shake-out. But the sudden decision by Hill Samuel, the hard-pressed merchant banking arm of the TSB group, to put its development capital arm up for sale, raised questions over the position of the "captive" funds owned by the banks or large institutions.

The decision to sell - Foreign & Colonial Ventures later took over management of the portfolio - reflected a head office decision to concentrate on activities with a shorter pay-off time than development capital, rather than any problems at Hill Samuel Development Capital itself. But with all the main clearing banks sitting on large loan provisions, there is little doubt that they have been looking at all their non-core businesses, including venture capital.

The result of all these developments is that a smaller, more profitable - but less diverse - venture capital industry seems set to emerge over the next few years.

Charles Batchelor

WHILE OTHERS SHAKE THEIR HEADS WE'RE SHAKING HANDS.

There is movement in the venture capital market if you know where to look. At Gartmore, we've led a steady stream of deals over the last few months. For example, the £12 million buyout of Oldham civil engineering contractor Dew Group. We also provided development capital finance to two family owned businesses, Lancashire based outdoor equipment manufacturer, Karimor, and Stoke-on-Trent pottery English Ironstone Tableware. And we led a £1.5 million expansion financing for Pavilion Books in London.

More to the point, we still have funds available. To find out more, call Michael Walton or Jamie Johnson on 071-782 2881. We think you'll find us very agreeable.

Gartmore

VENTURE CAPITAL

Issued and approved by Gartmore Investment Limited. A member of UMO. Gartmore House, PO Box 65, 14-18 Monument Street, London EC3M 9QQ

How winners financed expansion plans

□ Continued from page 1

down to 15 per cent.

Despite the dominance, however, of groups such as Procter & Gamble (which is estimated to have about 60 per cent of the UK market through Pampers) and the Swedish group, Moilnycke (which owns the other big brand, Pampers), Bregger and Gibson were convinced there was a profitable niche for a manufacturer able to supply a high quality product to the own-label market.

Their vision was backed with an initial loan of £265,000 by 3i in Manchester, which recognised the two men's complementary strengths. A further £1.7m to finance equipment purchases came from the Christiania Bank of Norway, enabling production to begin in August 1986.

By 1989, with the company growing fast, further funding was needed to purchase new production lines and to enlarge the premises.

3i subscribed for nearly £1m of share capital with a private banker, Michael Innes, a former school friend of Jamie Gibson, also taking a substantial equity stake, and the role of non-executive chairman.

At the same time, loan finance was provided at favourable rates by the ECSC because of the contribution the company could make to employment in a part of north-east Wales hit by steel, textile and other closures.

New loans totalling £1.84m

were provided again last year by Christiania, ECSC, and Hill Samuel, again mainly to finance new machinery.

Because of the delicate task it has to perform, the nappy requires continuing high levels of performance, and what appears to have won for the company increasing sales and a growing share of the market, while some other small companies have disappeared, has been its ability to keep up, and, in some cases, surpass the bigger groups in technical innovation.

Though basically a cellulose-based pad of fluffed paper, sandwiched between an outer cover of polythene and an inner sheet (or coverstock) of spun-bonded polypropylene, the disposable nappy has been subject to several thousand worldwide patents and to big courtroom confrontations between the big groups over alleged infringements of each other's trade secrets.

According to Bregger, a 33-year-old South African who came to Britain 20 years ago, Bregger Gibson has avoided becoming embroiled in these disputes by using only proprietary technology, developed in conjunction with its suppliers.

Innovations include an internal waistband system, a cuff to prevent leakage, and a special design for the different anatomies of boys and girls - a gender specific window in

nappyspeak.

The company's initial breakthrough in 1986 was a contract to supply a budget chemist private label brand, followed by deals with Toys "R Us and other stores. Important clients now include Asda, J. Sainsbury, Tesco, Gateway, Safeway, Mothercare, and Aldi, taking the company to around a 40 per cent share of the own label sector and 8 per cent of the market overall.

Profits to date, and hence the return to investors, have been relatively modest with the company only managing

A full list of the Venturer Award category winners for 1992 appears on page eight of this survey

£1.1m profits pre-tax last year. With several years of heavy capital investment and research behind it, however, the company is hoping for improvement over the next few years. When its new fourth line is fully operational shortly, total capacity will be in excess of 5m nappies a week.

Development is also nearing completion on an innovation which could be of considerable significance. Space is running out in landfill sites in the US and elsewhere, and the dispo-

able nappy has for some time been under attack from environmentalists because of the numbers involved, the product's bulkiness - and its content. As a result, a race is on among manufacturers to develop a biodegradable product which will reduce disposal problems. Bregger Gibson claims to be well on the way to a solution, and believes this could offer it the opportunity to increase greatly its market share.

With the UK market's growth likely to slow as terry substitution ceases, the company is also planning to move into export markets, where its presence has so far been limited - "we concentrated initially on the home market where import penetration was as high as 70 per cent. Europe now offers excellent opportunities for growth," 44-year-old Gibson points out.

Yet, while the company has been successful to date, there are risks in being a small fish in a big pool. What would happen, as one of the award judges questioned, if P&G decided that Messrs B&G "were eating their lunch"?

Jamie Gibson does not underestimate the determination of resources which P&G, which has itself built a new nappy factory in Manchester, could throw into a battle with the company. Kimberley Clark, number two in the US,

is also building a plant in the northeast of England, possibly prior to entering the European market. Gibson points out, however, that as it presently stands, the British market, unbalanced and smaller rivals are needed to avoid the creation of a monopoly.

P&G, too, has traditionally not supplied Bregger Gibson's chosen area, the own label market which research findings suggest will continue to grow at the expense of brands. Bregger Gibson itself has a small branded range, but this is unlikely to be developed substantially because of the huge marketing costs.

By contrast, because they can achieve a higher mark-up on own-label goods, the big supermarket chains have been happy, according to Gibson, to promote these against rival products, offering Bregger Gibson nappies prime positions in-store and supporting them with advertising.

The next stage of Bregger Gibson's expansion, using a 20-acre site around the existing plant, will be a move into other product areas to lessen dependence on nappies. Though no decisions have yet been made, it is likely the company will turn its attention to the incontinence market - growing as the population of Europe ages - and to feminine hygiene products.

In the areas, too, the objective will be to develop proprietary products competing on performance and quality.

"In my business I've learned that a hands-on approach keeps standards high and my customers happy. The same goes for my company's finances. By using Griffin Cashflow I can lay my hands on 80% of the money my customers owe me as soon as I raise the invoices. And the balance is mine when they settle up.

My cash keeps pace with my sales, and with money constantly on tap, I've got the working capital I need to secure my company's future.

If the economy of the past few years has taught me anything, it's to keep my money with someone I trust. Me."

For more information or a Griffin Cashflow brochure pack CALL FREE on

0800 525507

WRITE in confidence to: GRIFFIN FACTORS LIMITED, DEPT. S&M, GRIFFIN HOUSE, FARNCOMBE ROAD, WORTHING, WEST SUSSEX BN11 2BN

ASSOCIATION OF BRITISH FACTORS & DISCOUNTERS

"Thanks to Griffin Cashflow the money I'm owed is in safe hands. Mine."

GRIFFIN
Cashflow for Business

member HSBC group

The Euro bank which puts you in touch with the whole of Europe.



WestLB Europe draws on a long-standing local presence in all of Europe's business centres.

WestLB Europe is an ideal bank for companies with their sights set on Europe. A long-standing European presence

in all major business centres and an extensive branch network means we can make local expertise available to clients anywhere in Europe. This cross-border approach is complemented by a unique mixture of innovative and classical banking services

providing solutions which take all local requirements into account. The versatility of a truly European bank makes a decisive difference in Europe's competitive environment. And puts you in touch with the whole of Europe.

Düsseldorf, Stuttgart, Brussels, Frankfurt, Copenhagen, Dublin, Istanbul, Rome, London, Madrid, Milan, Moscow, Paris, Prague, Rotterdam, Vienna

Westdeutsche Landesbank (Europe) AG

Friedrichstrasse 56
D-4000 Düsseldorf 1
Tel. (2 11) 826-05
Fax (2 11) 826 5113

WestLB Europa

The Euro bank of West & Central Europe

VENTURE CAPITAL 3

INVESTORS

Institutions impose tougher terms

THE institutional investors, whose money funds the venture capital industry, are enjoying their new-found power. After spending much of the 1980s feeling they were being taken for granted, they now find themselves being courted by venture capitalists desperate to raise new funds.

Frequently the institutions' response has been to refuse any further money until they have evidence of the venture capitalists' performance. But they have also used the shift in the balance of power to impose tougher terms on the venture funds.

Most investors now expect their venture fund managers to jump a performance hurdle before they can earn their cap-

Maxwell of Postal. "They fear that if they don't have any cash to invest it will dry up. They need to take a pause; deals would return once they raised new funds."

Some of the larger funds must keep raising new money to cover their overhead costs, he notes.

At the same time as they are increasing their pressure for better fund performance, institutional investors are also pressing for a uniform method of measuring performance. A start is being made at devising performance measures in the UK and in continental Europe.

Ironically, while an early concern of investors was that venture capitalists might be valuing their investments too generously, some now fear

that the pendulum has swung too far the other way. Venture capitalists have been so cautious in their valuations that the industry now appears to many outsiders to be performing far worse than it actually is.

This is bad news for the venture capitalists who have to report back to their investors and the fund managers who have to report back to their management committees and their trustees.

"We would like a slightly earlier recognition of value in portfolio companies," says Mr Brakell. "There was a significant over-reaction to the economic climate in 1991. We are concerned that this will discourage investment completely. We don't seek optimistic valuations, but we want realistic ones."

The British Venture Capital Association is keen to encourage its members to tell investors the difference between their internal valuations and the price achieved when investments are floated or sold.

Because internal valuations contain large discounts for illiquidity and no account is taken of the premium which a buyer might be ready to pay for control, they frequently understate values by a considerable margin.

The institutions have made big strides in making the venture capitalists more accountable in recent years. But there is some concern that the measures which have been taken to curb early excesses may now be damaging the soundly managed parts of the industry.

A start is being made at devising performance measures in the UK and in continental Europe

Institutions are now seeking to improve the way venture capitalists manage their portfolios

ried interest; management fees have come under pressure, and valuation guidelines have been introduced with the prospect of performance measures to follow shortly. (see page four: Painful adjustments to be made).

The institutions have established a forum for discussing their concerns about venture capital in the Venture Investors Circle. This was set up in 1987 to give investors a single voice when dealing with the British Venture Capital Association, which speaks for the venture capitalists.

"The investors' circle now numbers about 25 fund managers who meet quarterly. Increasingly, the institutions are making their own direct investments. Some, like Legal & General, a life assurance company, do all their venture capital investing this way.

Others, like Postal Investment Management, which handles 150m of investments for four Post Office and BT pension funds, have established direct investment teams as well as continuing to invest through funds.

Postal initially took the view that it would be difficult to incorporate a venture capital team in the salary structure of a large institution. But in the past two years it has set up Postal Development Capital to make direct investments. Starting with a rump of unquoted investments transferred from other Postal funds, the four-person team now manages a £85m portfolio alongside the £175m which Postal has invested through funds.

"It gives us a different perspective and allows us to get a

big return on our investments because we don't have to pay the venture capitalist's carried interest (20 per cent of the profit) or his management fee," says Mr John Brakell, in charge of fund investments.

Growing dissatisfaction with the returns delivered by the venture capital industry has meant that even when institutions continue to invest through funds they have become more selective. Postal expects to invest in two UK funds a year compared with half a dozen funds a year in the late 1980s.

Having achieved an 'improvement' in the terms under which they invest through funds, the institutions are now seeking to improve the way venture capitalists manage their portfolios.

"It is time for venture fund managers to concentrate on maximising the value of their investments," comments Mr Rhoddy Swire, chairman of Pantheon Ventures (formerly GT Venture Management) which manages £450m on behalf of institutions.

Pantheon, which selects venture funds for institutions in the manner of the "gatekeeper" funds common in the US, believes UK venture capitalists prop up investee companies for too long, often pouring in good money after bad.

Venture capitalists whose fees depend on the value of assets under management are sometimes reluctant to write down poorly performing companies, he says.

This call for more active portfolio management is echoed by Mr John Haxby, venture capital partner at accountants KPMG Peat Marwick: "Managers should spend more time on the middle-ranking performers in their portfolios instead of concentrating on the high-flyers and the poor performers," he says.

"They need to be more active in selling and merging companies."

Postal's Mr Brakell believes that UK venture capitalists should emulate their US counterparts in looking more actively for "exits" from their investments.

"Managers get too attached to their companies and think they can make more profit if they wait a bit longer. They should focus more on achieving a return from their investment."

Many investors take the view that if venture capitalists spent more time improving the performance of their existing portfolios instead of attempting to raise new funds as soon as they were fully invested they would have an easier time raising money at a later date.

"They make a sacred cow of their deal-flow," says Mr Ray

Charles Batchelor

THE BANKS

Larger deals shrink by number and value

WITH the UK economy sunk in gloom, the number of banks among the players in the UK venture capital market has dwindled to a relatively select band. For those that persist, there are still some pickings, but by the standards of the 1980s they are pretty meagre.

Perhaps because there are fewer players fighting to share the cake, banks generally agree that there is still a fair flow of business, despite the recession. But there are clear signs of change.

Larger deals have shrunk by number and value - "it is a very difficult year. There is quite a lot of activity at the smaller or mid-corporate end, but very little activity in the large transactions," says Mr David Scholl, managing director of County NatWest Venture Capital.

"We are investing about 80 or 90 per cent of what we did in the heyday of the market, but now we do more transactions at £5m or £10m or £20m and there are not many of £50m or £100m," says Mr Scholl.

Mr Gordon Boniman, managing director of the venture capital division of Charterhouse, the merchant banking arm of the Royal Bank of Scotland, says: "The market has been sorting itself out. There have been relatively few buy-outs. The criteria for returns have certainly come down from the hysterical levels of the late 1980s."

This year, Charterhouse handled the privatisation of the Midway ports - "at £40m, it was not a small deal, but in 1988 or 1989, it would not have been a large buy-out," says

Mr Boniman. Development capital deals are enjoying a resurgence. "Companies may have solidified on and survived the recession, but they perhaps need to reduce their borrowing in order to take advantage of opportunities. Additional capital can be used to finance plant and equipment," says Mr Hollidge.

Among the banks still active, Lloyds, and Royal Bank of Scotland, (through Charterhouse), have kept up an entrepreneurial interest in the venture capital market in the early 1990s.

Lloyds maintains regional offices in Leeds and Birmingham to spot opportunities, and says that a presence in the regions remains a priority.

"We have learned our lessons from two or three years ago and are not looking nowadays to pay high prices for the businesses we invest in. Rather, we try to ensure that we put conservative financial structures in place," says Mr Hollidge managing director at Lloyds Bank Development Capital.

ONE striking feature has been the withdrawal of foreign banks which used to play a role in creating some of the sell-down liquidity for some arranging banks.

"The foreign banks have closed-up shop. That must be an object lesson about fair-weather friends," says one UK banker. The remaining bank players tend to be much more cautious - "we've learned the lessons of the last two or three years and are not looking to pay high prices for the busi-

nesses we invest in. And we do want to ensure that we put conservative financial structures in place. Corporate vendors on the other hand often tend to be looking to divest, but are still expecting very high prices," says Mr Hollidge.

Chris Gammon, executive corporate manager at Baronsmead which invests funds on behalf of Barclays bank, says: "We invest in businesses with a turnover of between £1m and £20m, usually putting in between £100,000 and £750,000. In general, we're looking for profitable companies with an established track record. We have about 20 investments in the portfolio with an average size of about £400,000."

The receiver's office may also be a source of business - "we only look at the profitable parts which were dragged down by cross-guarantees. We are loth to look at a parent company which has gone into receivership," says Mr Gammon.

Baronsmead has helped in the buy-out of a small airline from part of the ILG the leisure group which collapsed in the spring of 1991. Lloyds, too, has handled two or three receiver-ship transactions this year. Most are MBOs, though Lloyds says that the deals tend to be "bimbos" (buy-in and buy-out) involving a combination of the existing management and the injection of new management.

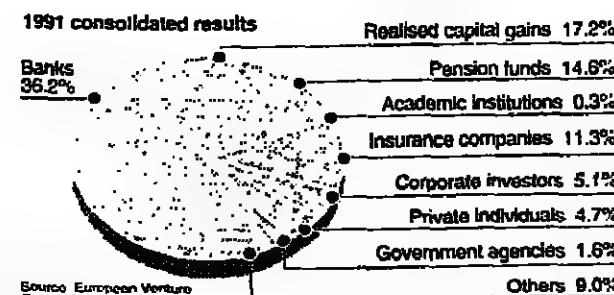
"We would ask why a business has gone into receiver-ship. Perhaps it had an over-gear financial structure and a management which has consistently failed to perform," says Mr Hollidge. Sectors which do not seem to offer

profit opportunities are property and financial services. "We have tried to analyse our successes and failures in terms of what is good for us. Distribution businesses have been very good, and manufacturing generally has a good track record, for example in engineering. But retailers are still having a very hard time and things are difficult for some specialist sectors like printing," says Mr Hollidge.

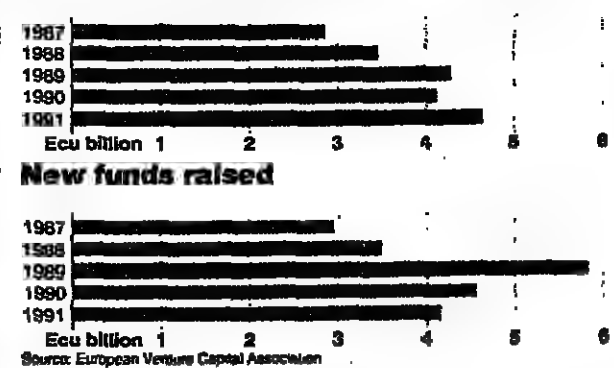
Support often takes the form of beefing up the management team. County NatWest keeps a data base of good managers suitable for parachuting into companies.

"We receive CVs every day from managers interested in getting involved in venture-backed business," says Mr Scholl.

Sources of new European funds



European venture capital investment



Baronsmead says that it will only put managers in if they help the company concerned grow and manage its expansion. It prefers to agree the budget for the year with the company and act as a sounding board for plans for expansion.

"We are designing more conservative packages for those companies we do take up, partly because the banks are not willing to put up more leverage than they did previously but also because we are not sure when the recession will end and we don't want more exposure. We like to think we are laying the foundations for tomorrow's good businesses and a platform for profits in the mid-1990s," Mr Scholl says.

David Barchard

This announcement appears as a matter of record only

£62,000,000
Management Buy Out of

THE expro group

Transaction arranged, negotiated and underwritten by

CINVen

provided by

Baroness Pension Partners
Pension Schemes
Pension Funds
Investments Ltd
Development Capital Ltd
Baroness Ventures Ltd

underwritten by

Baroness Ventures Ltd

Company's financial statements investigated, audited and certified by the Company's auditors, who are also subject to the Company's audit.

Further information and advice available from Management.

CINVen Limited is a member of IMRO

THEY HAVE THEIR EXITS...

This appears as a matter of record only

Darlington

2 TALENT Holdings PLC

£11,000,000
Acquisition Price - January 1989

Price Undisclosed
Sale to Trade Buyer - February 1992

Jointly led by

MURRAY JOHNSTONE
A Member of IMRO

This appears as a matter of record only

Glasgow

Burn Stewart DISTILLERS PLC

£7,000,000
Acquisition Price - June 1988

£83,000,000
Privatisation Capitalisation - November 1991

Jointly led by

MURRAY JOHNSTONE
A Member of IMRO

This appears as a matter of record only

Kings Lynn

CLAIRMONT
(A Holding Company for)

COOPER BEARINGS LIMITED

£13,500,000
Acquisition Price - October 1987

Price Undisclosed
Sale to Trade Buyer - December 1991

Led by

MURRAY JOHNSTONE
A Member of IMRO

MURRAY JOHNSTONE
The REGIONAL SPECIALISTS

This appears as a matter of record only

Luton

SRH plc

£12,000,000
Acquisition Price - June 1991

Led by

MURRAY JOHNSTONE
A Member of IMRO

This appears as a matter of record only

Bradford

Yorkshire Food Group Limited

£11,000,000
Acquisition Price of Scotia Haven - March 1991

Led by

MURRAY JOHNSTONE
A Member of IMRO

This appears as a matter of record only

Salford

Canadian Pizza Crust Co. (UK) Ltd.

£15,500,000
Acquisition Price - May 1992

Led by

MURRAY JOHNSTONE
A Member of IMRO

This appears as a matter of record only

...AND THEIR ENTRANCES

Murray Johnstone Limited, 7 West Nile Street, Glasgow, G1 2PX A Member of IMRO
GLASGOW - Geoff Burns - 041-226 3131 LONDON - Peter Linthwaite - 071-606 6969
MANCHESTER - Jonathan Diggins - 061-236 2288 PARIS - Neil MacLeod - 010-331 42 98 94 81

VENTURE CAPITAL 4

VALUATION AND PERFORMANCE MEASURES

Painful adjustments may be needed

THE EUROPEAN venture capital industry is adjusting to the idea of performance measures with the dogged determination of the patient aware that a rather bitter medicine will do him good. While many venture capitalists remain cautious of the validity of interim valuations, pressure from investors is forcing them to be more open about their performance.

Four years after the publication of the first comparative study of venture capital performance in the US, the British Venture Capital Association (BVCA) has begun a pilot study of fund performance while the European Venture Capital Association is engaged in a similar project in continental Europe. The Dutch venture capital industry produced its first annual study of the performance of "realised" investments last year while a small study of French venture funds has also been completed.

Interest in valuation and performance measures has been fuelled by the resistance venture capitalists have encountered in raising new funds. Institutional investors have seen their hopes of high returns from venture capital dashed and have become reluctant to commit more money.

If venture capital is to establish itself as a separate asset class in the minds of institutional fund managers it must be able to provide an objective measure of performance. At present, venture capital investments are often lumped together with "cash" or "other investments," notes Mr Robert Drummond, BVCA chairman.

A standardised performance measure will allow investors to compare the performance of their funds with other funds of the same vintage, says Mr John Hustler, a partner in accountants KPMG Peat Marwick. It will also allow the comparison of venture capital with other forms of investment such as equities and bonds and will strengthen the hand of the industry when lobbying government, he adds.

"It is incredibly important for the industry in Europe to focus on performance," says Mr Rhoddy Swire, chairman of Pantheon Ventures (formerly

GT Venture Management). "We get much more open reports from the US."

The only true measure of performance comes when an investee company is sold or floated. But by putting the spotlight on performance the industry will help managers concentrate on the need to

In the long-term, the valuation and performance information can only benefit the venture capital industry

achieve "exits" for their investments. In the past, UK venture managers have sometimes appeared reluctant to seek an exit, he says.

In the US, the annual Investment Benchmarks Report, compiled by Venture Economics, a specialist consultancy, measures the implied internal rate of return (IRR) to the limited partners in venture funds

by year of fund formation or "vintage." The first study in 1988 analysed 175 funds. The 1992 study compared 403 funds which had been established between 1969 and 1990.

In the UK, the BVCA has begun a pilot study of six funds also aimed at comparing performance by vintage year. It hopes to have the first results by the middle of next year. Despite these efforts considerable suspicion remains that crude performance comparisons might work to the disadvantage of funds investing in early-stage companies which take longer to generate returns.

"What is difficult is ensuring that the different fund structures and types of performance are recognised," says Mr Ian Hawkins of Philidrew Ventures. "One good investment could distort a fund's performance. How a fund draws down its money can also affect performance." This has not prevented the more confident UK

funds from measuring their performance against other forms of investment.

CINVen, the second largest UK venture fund, claims a return of more than 30 per cent on its investments between 1980 and 1990 compared with less than 20 per cent on UK equities and under 15 per cent from UK bonds.

The Dutch Venture Capital Industry Association's performance study of realised investments between 1986 and 1990 records an average return on venture capital of 13 per cent compared with 4 per cent on equities, 2 per cent on bonds and 6 per cent on deposits. These percentages do not take into account the higher costs of managing a venture capital portfolio compared with the other forms of investment, the association notes.

A performance measure, of course, can only be calculated on the basis of a standard method of valuing investee companies. The BVCA is currently reviewing the valuation

guidelines it introduced in early 1991 to ensure greater consistency.

There are still important areas of valuation which rely on opinion in, for example, judging when to make provisions for a permanent drop in

'It is difficult to ensure that the different fund structures and types of performance are recognised'

value or in estimating prospective earnings. The BVCA expects any changes to its guidelines to be relatively minor but wants to ensure that judgments are based on realistic assumptions.

Investors should be able to judge whether valuations are reached on a prudent basis if funds show how realisations compare with the last published interim valuation,

according to Mr Iain Tulloch of Murray Johnstone, who is carrying out the review.

Some venture capitalists are becoming more open about these numbers. 3i, the largest UK venture capital company, reveals in its most recent annual report that realisations were twice net book value in 1988 but that the premium had fallen to 39 per cent by 1992. County NatWest Ventures says recent realisations have been 40 per cent above interim valuations while Philidrew Ventures reports internal valuations are less than half realisation values. Given the leeway in the BVCA's valuation guidelines, these percentages may not be directly comparable.

But the effect of the publication of the guidelines has been to establish a framework and to focus the industry on a narrower range of valuations - "one or two of the cowboys have been found out," says Mr Hawkins of Philidrew Ventures. Many venture capitalists

acknowledge that they had to make small changes in their valuation procedures to bring themselves into line with the BVCA guidelines though their impact on some of the quoted investment trusts was dramatic.

Some of the trusts, which had long been regarded as taking a more generous view of valuations than the unquoted venture firms, were forced into making substantial write-downs of their portfolios.

3i, which is preparing itself for a public flotation, has also carried out a review of the way it values its investments.

It has eased its criteria for valuing investments in two important areas.

It has reduced the illiquidity discount it applies to very small companies, capitalised at less than \$5m, from 40 to 30 per cent and it will no longer apply a 30 per cent discount to Unlisted Securities Market stocks.

In the long-term, the valuation and performance information can only benefit the venture capital industry. In the short-term, it may require some painful adjustments.

Charles Batchelor

Surveys reveal contrasting perceptions on the role of venture capital companies

Sector faces big marketing challenge

THERE is a consensus among venture capital companies that they need to market themselves more intelligently, but that consensus tends to fragment when they tackle the multiplicity of methods available for marketing.

The British Venture Capital Association (BVCA) has stimulated the industry debate over marketing, through the results of three surveys conducted on its behalf in mid-1991 by the London Business School.

The results of the surveys disclosed a startling mismatch between the image of venture capital companies - very positive - and their perceived importance as a source of long-term funding - relatively low.

While the bulk of the entrepreneurs and intermediaries who participated in the surveys described venture capitalists very positively - "shrewd, well-connected, approachable, experienced and creative" those without experience of using it ranked venture capital low on their list of preferred sources of long-term capital, behind (in descending order) banks, individual investors and

corporate investors. But of those entrepreneurs who had used venture capital, 98 per cent said they would recommend it as a first port of call in future.

Helen Walsh, former marketing manager of County NatWest, now with the BVCA,

Differentiation is a crucial marketing first step, no matter what the size of the player

believes the venture capital industry in the UK is facing a series of marketing challenges in its second decade, brought about by a variety of circumstances, not least the recession. "County NatWest Ventures in the first six months of this year had some 1,400 introductions, of which only 2 per cent were completed. That leads to

huge waste of time. For the industry generally, it is not the marketing of the initial transaction which needs to be improved upon, it is the quality of the deal. They need to work on marketing as an educational task, to get people to understand what venture capital is.

The three segments of the venture capital industry - the captives, the semi-captives and the independents - have rather similar marketing tasks, dominated by two concerns: attracting funds and attracting the right deals.

Fund-raising is less problematic for captives such as County NatWest Ventures, but finding the right deals requires clever marketing; 30-40 per cent of its deal flow comes from the National Westminster bank branch network. It needs to be highly systematic in the way it markets itself to branch bank managers, in order to

ensure that they will think of County NatWest Ventures first when the top-quality deal passes across their desk.

Semi-captives, managing funds from both parent institutions and also funds raised independently, fight on two fronts, as do the independents. Both need to make sure they are listened to by the pension funds which source the bulk of the investment.

Independents, generally with smaller staff levels, need also to ensure that the indispensable personal networks of both intermediaries and pension fund managers are with the right people, and, having located them, that such networks are well-fostered.

Smaller venture capital companies, such as the captive Guinness Mahon Development Capital, have as a priority not just avoiding time-wasting on investigating deals which will not complete, but also to build

a clear identity as a niche player; in its case, in publishing, educational and merchandising. Guinness Mahon's team is also constructing other marketing plays as a means of defining itself, weeding out the obvious non-starter deals, and concentrating both its and potential clients' minds.

For Christopher Woodward, marketing director of 3i, marketing is "one of those unfortunate terms that means a hundred different things to a hundred different people. Particularly in the financial services sector, its strategic role is often misunderstood - it's too often confused with 'let's do some advertising.' But marketing has to start with an appreciation of the marketplace, requiring quite a bit of research, going on to a segmentation of the market - not being all things to all people."

In one sense, 3i learnt about marketing the hard way;

between 1945 and 1980 it faced little competition in the market, but very quickly in the 1980s that competition boomed from being a handful to more than a hundred; 3i's response was to rationalise its several businesses into one, develop a corporate image and logo, and present a new, branded image to the world.

With hindsight, that was probably a triumph of style over strategy. In 1986, Christopher Woodward joined 3i and insisted on the development of a strategy - "I said at the time that we had to develop a systematic rationale for what we stand for, as opposed to others, and create in the minds of potential users the belief that 3i is more likely to be a successful investment partner than the others."

Differentiation is thus a crucial marketing first step, no matter what the size of the player. Advertising may play a

part in that, but it can be a gamble probably best left to the larger, more generalist players, such as 3i, who have the resources to cope with the flood of deal offers it is likely to generate.

3i does about 1,000 deals annually, 500 of those new

There are a lot of deals around, but the quality ones are increasingly difficult to find

business. Christopher Woodward reckons 3i needs about 50,000 inquiries a year to meet that target, and many of those inquiries are inspired by 3i's direct mail marketing, via its regular bulletin called Q&D, which goes out to 10,000 clients - "If you have established a target database, you must send out a message to that database

every six to 12 weeks, otherwise they forget you," says Woodward.

So there are a few nuggets of guidance for the venture capitalists considering the why and whereof of marketing:

● The whole purpose of marketing in this industry is to optimise quality deal-flow. There are a lot of deals around, but the quality ones are increasingly difficult to find.

● Building a relationship with intermediaries while the deal is still just a gleam in someone's eye can best be done by the "softer" marketing methods - arranging seminars, careful public relations, regular communications.

● Venture capital is still a weak fourth choice for companies seeking investment which have never used venture capital; but for those which have used venture capital, it is a strong first choice. Bridging that perception gap is a big marketing task for any venture capital company.

● Don't create unrealistic expectations - woolly marketing messages will only disappoint all sides of the deal.

Gary Mead



£140m buy-out from Allied Lyons puts sparkle into Gaymer's Olde English.

Some of the most famous names in the drinks market have been bought by a new group led by John Williams who has acquired a £140m deal with Allied Lyons, buying one of the UK's most famous brands, Olde English, and securing the company Gaymer's Olde English.

When Allied made clear their desire to make this disposal as part of their focus on their international portfolio of brands, John Williams was in the chair in less than 1,000 hours with a 1990/91 sales of £178 million.

Stephen Curran, Chief Executive of management buy-out specialist Candover, who arranged and led the deal explains "integrating the 3 companies has proved complex, but we have put together a conservative financial package which will enable the management to develop the portfolio of brands and increase their participation in the success in which they operate."

Candover are leaders in their field having arranged over 50 buy-outs, buy-ins and leveraged buy-outs, ranging from £1m to £275m as well as providing development capital for smaller companies.

Who's next?

Candover is well known for arranging large management buy-outs and buy-ins and manages a £319m Fund that has provided the equity for the managers of companies such as Gaymer Group Europe.

Now Candover has raised a new £37.5m fund - the Candover 1991 Fund, to finance medium sized buy-outs and buy-ins, mostly in the £5m-£20m range. It has already completed five investments.

If you think you could be next, contact Roger Brooke or Stephen Curran on 071-489 9848.

CANDOVER

20 OLD HAILKY, LONDON EC4M 7LN ISSUED BY CANDOVER PARTNERS LIMITED. A MEMBER OF IMKO

IT'S AS TRUE
TODAY
AS IT'S ALWAYS
BEEN,
NEVER
TAKE ANYTHING
FROM STRANGERS.



Before we invest in a company, we spend time getting to know its market. We spend time getting to know the business. We spend more time getting to know the people who run it.

Then we spend time working with them to agree a deal.

When it comes to negotiations you'll find us flexible, tough, but above all fair. Hardly surprising we're one of the UK's top development capital companies.

If your company is looking to arrange an MBO, or if you need expansion or replacement capital, call us. London 071-600 3226. Birmingham 021-200 1787. Leeds 0532 441001.



LLOYDS DEVELOPMENT CAPITAL

Lloyds Development Capital Limited is a subsidiary of Lloyds Merchant Bank Limited and a member of The Securities and Futures Authority.

VENTURE CAPITAL 5

BUY-OUTS AND BUY-INS

Impetus for industrial renewal

THE BUY-OUT continues to dominate the UK venture capital industry despite a two-year fall in the level of activity. For some observers, this represents a diversion of venture capital from its "true" role of backing the start-up business; for most participants it represents a sensible concentration on what the industry does best.

There can be no doubt that the buy-out, and its derivative, current prices, according to Nottingham University's Centre for Management Buy-Out Research.

There has been a decline in buy-out activity throughout Europe over the past two years from the feverish levels of activity in 1988-89. But buy-outs still accounted for 55 per cent of all UK venture capital investments by value last year and for 35 per cent of European venture capital spending.

The highly leveraged billion pound deals of the late 1980s seem unlikely to return but the venture capital industry is now concentrating on small and medium-sized deals valued at up to £100m. Most fall in the range £1m to £20m.

The financial institutions which arranged the very large deals have withdrawn; the quoted company boards which saw an advantage in taking their company private, have thought again; and the banks which were prepared to provide the debt finance have imposed far tougher lending criteria.

This has left the professional venture capital funds to concentrate on more cautiously financed deals which require industrial rather than purely financial engineering skills.

"We are confident that our

niche in the buy-out market - for companies capitalised at between £10m and £50m, sometimes going up to £100m - is the correct one," says Mr Ian Hawkins, of Philidrew Ventures. "Our strength is in buy-outs up to £100m-£125m though most of our deals are worth £25m or less," comments Mr David Shaw, head of County NatWest Ventures.

In many respects the current depressed economic climate is home to finance a buy-out. They are also less willing to risk damaging their careers if their main board rejects a buy-out proposal.

Even when deals do get off the ground they are often far more demanding of the venture capitalist than in the boom times of the late 1980s - "we do very few deals in the form in which we first see them," says Mr David Wansborough of ECI Ventures.

"In the 1980s, deals would come in off the street. Now we might have to put in three months work to turn something into a good deal."

Venture capitalists are also finding that they are having to deal with a new type of vendor: the receiver. Buy-outs from receivership accounted for about 30 per cent of all deals last year.

Receivers want to complete a sale as quickly as possible and are usually unwilling to grant prospective purchasers an exclusivity agreement while they carry out their financial checks. Nor will a receiver usually be prepared to provide a purchaser with the warranties normally given when businesses are sold.

Receivers also want cash for any sale. Quite often venture capitalists will arrange for

deferred payments or a retained interest when negotiating a buy-out from a corporate vendor. And while some vendors are prepared to favour a management buy-out because they wish to retain close links with the buy-out company receivers are interested only in the highest bidder.

Some of these factors can work in favour of a buy-out

team - managers with a detailed knowledge of the business may be able to dispense with warranties while an outside buyer could not take the risk - but they do require the venture capitalist to modify his approach.

An important concern of receivers and of other vendors is that the management team and its venture capital backer can actually provide the finance for a deal.

To meet this requirement venture capitalists have had gear themselves up to be able to provide a "bought deal," taking the entire value of the buy-out on to their own book

either permanently or with the aim of syndicating it later.

"Vendors often want to talk to a financial buyer, not to the management," says David Shaw of County NatWest Ventures. This development reflects practice in the US leveraged buy-out market where the buy-out specialists play a far more active role in putting deals together, frequently bringing in management at a very late stage in the transaction.

The vendor's preference for talking to the money-men, rather than managers has coincided with a tightening of the syndication market. Deal

leaders will now only deal with other venture capitalists they can trust following problems in some of the larger syndicates.

3i and Prudential Venture Managers, two of the biggest players, took this stage further when they announced in June that they would collaborate on the joint underwriting of medium and large buy-outs and buy-ins.

The aim of this initiative was to make it easier and quicker for managers to put together the funding of deals worth £15m and more, the two companies said.

Charles Batchelor

Venture capitalists are finding that they are having to deal with a new type of vendor: the receiver

the buy-in, have established themselves as important methods of achieving industrial renewal. Some companies still refuse to permit buy-outs from among their subsidiaries and divisions but most see it as a valuable tool for restructuring.

Some idea of the scale of buy-out activity can be gained from the fact that there were more buy-outs in 1991 than acquisitions of independent companies. Total buy-out activity over the past decade has amounted to no fewer than 4,144 deals worth £28.2bn at

TECHNOLOGY-BASED COMPANIES

Only a small slice of the UK investment cake

ONLY a tiny fraction of the £1bn a year invested by the venture capital industry goes to start technology-based companies and that fraction has fallen further during the current recession.

According to the British Venture Capital Association, the total investment in start-up and other early stage companies fell by 55 per cent from £128m in 1990 to £56m last year.

The BVCA figures do not break down the start-up investment figures into different industrial sectors, but the analysis of the overall £1bn investment tells a depressing story.

Medical and biotechnology investments have fallen by more than half from £49m invested in 51 companies in 1990 to £23m in 43 companies in 1991. As the BVCA annual report notes, "a high proportion of investments in this category tend to be start-up and early stage."

UK venture capital investment in most other technology

based sectors either give up, increase their bank loans to unwise proportions or limp along, never achieving their true potential for themselves or the national economy."

But he quotes a survey of 284 technology-based companies which showed that only 3 per cent of start-ups and 8 per cent of growing businesses were financed by venture capital.

To illustrate the problem, Mr Allen gives the example of a "soundly based and growing firm in the medical and health care field" which was helping to acquire about £500,000 growth phase finance.

"I contacted a venture capital company whose stated interests were in health care and technology and whose preferred level of investment ran from £0.5m to £2m for all stages of company growth."

"I was told that they in fact rarely invested less than £0.75m, and only in businesses that were already profitable, with an established market."

"Technology was currently

"out."

Mr Allen adds that the company eventually found the £500,000 it needed - from an international pharmaceutical group, based overseas.

The preference of the venture capital industry for large individual financings and its reluctance to make investments in the £100,000 to £300,000 range - the main requirement for new technology businesses in the UK - is perhaps the most frequent complaint by high-tech entrepreneurs.

There are countless stories of science-based companies being told that they have a good business plan but the amount of money they are seeking is too small for the venture capitalist to bother about.

This attitude is understandable in a way because the cost to a fund, in terms of management and time, of assessing potential investments is largely independent of the amount of money required. Indeed the management needs of a small new company may be even greater.

However, Mr Allen points out that venture fund managers can reduce the cost of assessing small-scale proposals if they do not look at every project that comes their way.

Instead, they should build up more long-term relationships with people running enterprise agencies, science parks and business innovation centres, whom they could trust to act as filters, passing on only the most promising projects.

"This filtration would not, of course, abrogate the venture capital company's observance of due diligence on behalf of its shareholders, but it would reduce the number of total non-starters submitted in the first place," he says.

The venture capital industry has responded to a limited extent to the need for small-scale finance, by establishing a range of "seedcorn funds" designed to get high-tech businesses started. But the demand far exceeds the funds available.

At the same time, science parks are establishing specialised local funds for their own high-tech entrepreneurs.

One of the pioneers was Aston Science Park's Birmingham Technology (Venture Capital) Ltd.

Mr Harry Nichols, its chief executive, has an attitude quite different to the "short-termism" that is associated, rightly or wrongly, with many British venture capitalists.

"We expect to take seven

In the UK, science parks are establishing specialised local funds for their own high-tech entrepreneurs

years on average before we get realisations; allowing for lead times and some failures, this may mean 12 or 13 years before the fund is fully mature and it becomes reasonable to evaluate performance - a very long time by most standards. However, this is a 10 to 15-year development business, as experience in the US has shown," he says.

Some universities also have specialised funds to help exploit research by their academics. Indeed, Cambridge has two: Cambridge Research and Innovation Limited (CRIL) and the Cambridge Quantum Fund.

A different sort of gap in the way Britain finances high-tech companies is identified in another new book, *Company and Campus Partnership* by Ms Jane Bower of Heriot-Watt University Business School.

In the US, she says, the main providers of start-up finance are not the well-publicised venture capitalists but small informal groups of local investors - "this is the category which is conspicuously lacking in the UK, and this may hold the real key to future success."

"Starting a Technology Business", by John Allen, Pitman, £27.50.

"Company and Campus Partnership" by Jane Bower, Routledge, £25.

Clive Cookson
Science Editor

FOR MANAGING DIRECTORS WHO ARE OUTSTANDING IN THEIR FIELD.

You've been running the corporate race for long enough. Isn't it time to make your move and buy into a company of your own?

You've proven yourself as a managing director in someone else's company, and are ready to make a substantial financial commitment to your own future.

You may on the other hand, have built your own business and sold it, and want to do it again.

In either case, you know what a business is worth. You've built up a successful company and are reaping some of the rewards.

You could just stay where you are. But the chances are you've already been wondering what challenges or opportunities are around the corner. If you're after the excitement of building up a company again, a Management Buy-In could be just what you're looking for.

A Management Buy-In would allow you to take control of an independent business. Investing your skills and energy, you could

help that business realise its full potential, and reap the full rewards for your investment.

The 3i Management Buy-In Programme provides knowledge and connections to help you win.

A Buy-In is always a difficult operation, requiring time, money

and support. That is why 3i has developed a Programme to take you through all a Buy-In entails - helping you make your vision a reality.

NOW GO ON AND RUN YOUR OWN INDEPENDENT BUSINESS.

3i has backed more Buy-Ins than any other investment capital company in the UK, so we know how to recognise those candidates most likely to succeed.

3i will soon be hosting a number of Management Buy-In Forums where you can decide if you've got what it takes to be a winner. These will be linked to our network of 23 offices around the UK.

If you think you are up to the challenge of buying into a business and making it grow just the way you want, we would like to hear from you. Telephone 071 928 3131.



Investors in Industry

Yes, please send me details of The 3i Management Buy-In Programme.

Name: (Mr/Ms/Ms/Ms)

Position

Address

Postcode

Telephone

Complete and post this coupon to: Management Buy-In Team, 3i plc, 91 Waterloo Road, London SE1 8XP

Since 1987, we've helped Holliday Chemical Holdings expand. (It's amazing what the right chemistry can do.)

In 1985, Dr Michael Peggman first drew County NatWest Ventures' attention to the huge potential of Holliday Dyes & Chemicals - the Huddersfield-based manufacturer of dyestuffs and intermediate chemicals.

A subsequent buy-in attempt by Dr Peggman failed. However, he was appointed as Managing Director, with a 25% equity share, and the following year succeeded in turning a £1.4 million loss into a profit of £700,000.

At this point, we had no hesitation in supporting him and his management team in their bid to buy out the remaining 75% shareholding, and underwrote the equity element of the £11.5 million transaction in the short space of time imposed by the vendor.

Six months later the company made a £5 million acquisition which we co-funded with the invaluable skills and resources of our colleagues at NatWest.

Since then, we've continued to lend considerable financial support and advice, allowing the company to strengthen its European base and acquire the inorganic chemical manufacturer, Wilcom Blythe and Co for the sum of £23 million in 1991.

Clearly, at County NatWest Ventures, we're more than just investors, we're business partners. Since our success depends upon yours, once we have committed

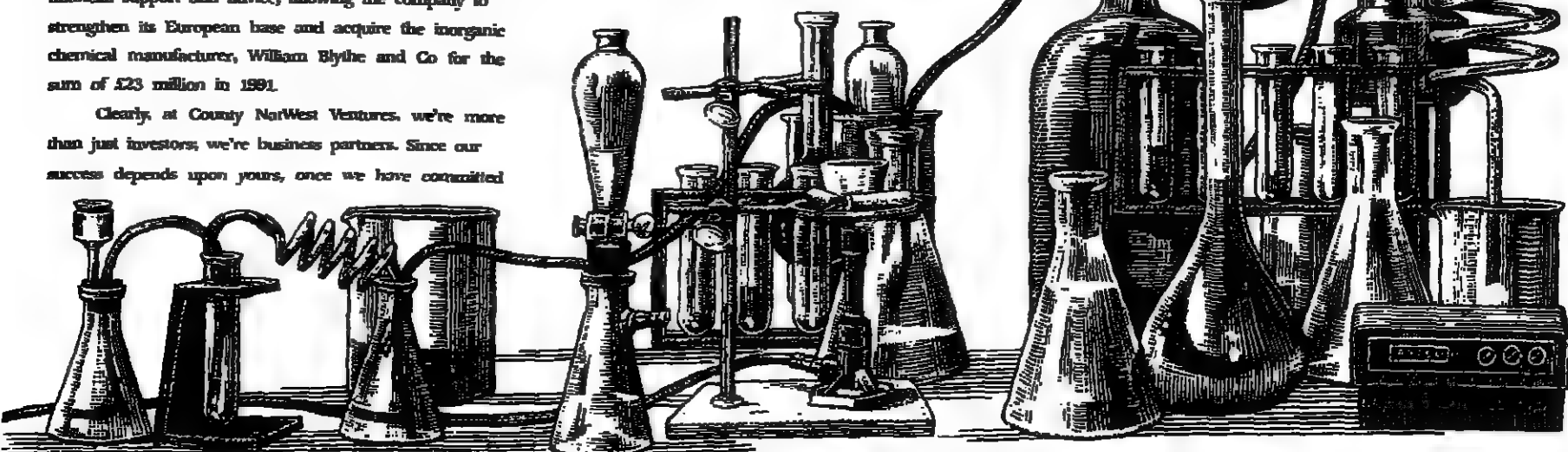
ourselves, you can expect our full and lasting support.

To date, we have committed over £375 million to around 400 different businesses, through our network of offices in London, Birmingham, Bristol, Edinburgh, Leeds and Manchester. And now we can also play a part in your European aspirations, through our new office in Paris.

For a copy of our 36-page brochure containing full case histories, call Denise Sands on 071-375 5421, or write to her at County NatWest Ventures Limited, 135 Bishopsgate, London EC2M 3UR.

COUNTY NATWEST
VENTURES

A MEMBER OF EMRO
A member of the National Westminster Bank group



NOTHING VENTURED, NOTHING GAINED.

VENTURE CAPITAL 6

UK'S LEADING VENTURE FUNDS

Company	Min (£'000)	Max (£'000)	Start Up	Develop	Replace	MSB/ MBI	Rescue	Telephone	Sector Preference	Company	Min (£'000)	Max (£'000)	Start Up	Develop	Replace	MSB/ MBI	Rescue	Telephone	Sector Preference
3i plc	0	OPEN	Y	Y	Y	Y	Y	071 928 3131	O	Ivory and Sime Development Capital	250	3000	N	Y	Y	Y	Y	031 225 1357	O
Abacus Development Capital Limited	100	750	N	Y	Y	Y	Y	071 323 3224	H	Kleinwort Benson Development Capital Ltd	250	OPEN	P	Y	Y	Y	Y	071 956 6600	O
Abacus Business Consultants Limited	100	500	N	Y	Y	Y	Y	051 227 2020	H	Korda & Company Limited	50	700	Y	N	Y	N	N	071 263 5882	B.D.R.E.C.I
Abingworth Management Ltd	250	2000	Y	Y	Y	Y	Y	071 839 6745	O	Lancashire Enterprises PLC	0	500	Y	Y	Y	Y	Y	0772 503623	O
Abtrust Fund Managers Limited	100	1000	Y	Y	Y	Y	Y	0224 831999	O,(K),(B)	Larpet Newton & Co. Ltd	50	750	Y	Y	Y	Y	Y	071 251 1111	A.B.D.L.C
Acumen Investments Ltd	250	30000	N	Y	Y	Y	Y	071 485 0316	I,M,H	Lazard Ventures	300	OPEN	N	Y	Y	N	N	071 588 2721	O.E.N
Advent International PLC	1000	15000	P	Y	Y	Y	Y	071 333 0600	O	LEDU - Small Business Agency N. Ireland	5	450	Y	Y	Y	Y	Y	0232 491031	B.C.H.I.E
Advent Limited	250	1500	P	Y	Y	Y	Y	071 530 5811	A,B,C,D,E,F,I,N,H,L	Legal and General Ventures	1000	50000	Y	Y	Y	Y	Y	071 489 1888	O
Alta Berkeley Associates	1500	1500	Y	Y	Y	Y	Y	071 806 5800	E,I,M,B,F	LICA Development Capital Limited	100	OPEN	Y	Y	Y	Y	Y	071 838 7707	O,(B),(P)
Apax Partners & Co	500	100000	Y	Y	Y	Y	Y	071 572 6300	B,A,E,D,Q	Lloyds Development Capital Limited	300	OPEN	N	Y	Y	Y	Y	071 950 5228	O,(B),(P)
Arabi International Trust Co. Limited	100	2000	N	Y	Y	Y	Y	071 434 4141	O,(N)	London Wall Industrial Consultants Limited	25	100	P	Y	Y	P	Y	0623 285188	O,(B),(P)
Bank of Boston Limited	250	4000	N	Y	Y	Y	Y	071 532 5251	C,F,I,K,L,N	London Wall Investments	3000	OPEN	N	Y	Y	Y	Y	071 438 5363	O,(B),(P)
Barclays Development Capital Limited	200	OPEN	N	Y	Y	Y	Y	071 362 2500	O	Lothian Enterprise Limited	50	250	Y	Y	Y	Y	Y	071 220 2100	O,(B)
Barclays Venture Capital Unit	100	750	N	Y	Y	Y	Y	071 407 2389	H,R,I,K,M	March Investment Fund Limited	100	1000	P	Y	Y	Y	Y	061 872 3876	O,(B)
Barclays Venture Partners Limited	3000	OPEN	N	Y	Y	Y	Y	071 242 4900	O	Mercury Development Capital	2000	30000	P	Y	Y	Y	Y	071 280 2800	O,(B)
Baring Capital Investors Limited	0	1500	Y	Y	Y	Y	Y	071 400 1282	O	Metrogroup Capital PLC	30	250	N	Y	Y	Y	Y	071 435 6281	A.M.G.
Baring Venture Partners Limited	0	1500	Y	Y	Y	Y	Y	071 400 1282	O,(N)	Midland Ent. Fund for Y'shire & Humberside	5	100	Y	Y	Y	Y	Y	071 250 8778	O,(B)
Barnes Thomson Management	150	750	N	Y	Y	Y	Y	071 487 3370	O,(N)	Midland Growth Capital	50	750	N	Y	Y	Y	Y	071 250 8778	O,(B)
Biomass PLC	500	85000	Y	Y	Y	Y	Y	071 634 2886	D,E,G	Midland Montagu Ventures Limited	750	OPEN	P	Y	Y	Y	Y	071 260 0232	O,(B)
British Steel (Industry) Limited	10	250	Y	Y	Y	Y	Y	071 485 2525	O,(D),(A),(B),(C),(K)	Morgan Grenfell Development Capital Limited	2000	20000	N	Y	Y	Y	Y	051 557 8800	O,(B)
Brown Shipley Venture Managers Limited	1000	5000	N	Y	Y	Y	Y	071 489 8448	O,(H),(N),(M)	MTI Managers Limited	250	1000	Y	Y	Y	Y	Y	0223 250244	A,B,C,D,E,F,I
Cardover Investments PLC	100	500	Y	Y	Y	Y	Y	0532 438043	O,(H),(N),(M)	Murray Johnstone Developments	250	10000	N	Y	Y	Y	Y	041 328 3151	O,(B)
Capital Partners International	5	OPEN	Y	Y	Y	Y	Y	071 378 7592	O,(D),(F),(G)	Nash, Sells & Partners Limited	500	5000	P	Y	Y	Y	Y	071 377 1507	C.E.B.A.Y
Causeway Capital Limited	1000	5000	Y	Y	Y	Y	Y	071 485 2525	O,(D),(F),(G)	Newmarket Venture Capital plc	250	1000	Y	Y	Y	Y	Y	031 225 9877	O
Charterhouse Development Capital	500	4000	N	Y	Y	Y	Y	071 245 4000	H,J,A,M	Noble & Co. Limited	100	3000	Y	Y	Y	Y	Y	031 225 7011	O
Charterhouse Venture Funds	500	4000	N	Y	Y	Y	Y	071 409 3232	H,B,I,E,D,I,K	North of England Ventures Limited	200	2000	P	Y	Y	Y	Y	061 236 6886	O
Chas. Investment Bank Limited	500	10000	N	Y	Y	Y	Y	071 726 5000	O,(N)	Northern Ireland Innovation Prog. Inv. Ltd	15	40	Y	Y	Y	Y	Y	0252 341614	B.C.I.A.D.A
CINVEN	500	OPEN	Y	Y	Y	Y	Y	071 245 6911	O	Northern Venture Managers Limited	200	OPEN	Y	Y	Y	Y	Y	091 232 7068	O,(B)
Citicorp Venture Capital	1000	5000	N	Y	Y	Y	Y	071 438 1488	O,(N)	Palatine Fund	250	1800	P	Y	Y	Y	Y	061 834 2302	O,(B)
Clydesdale Bank Equity Limited	250	3000	N	Y	Y	Y	Y	071 263 2241	O,(N)	Philidrew Ventures	1000	15000	P	Y	Y	Y	Y	071 626 6386	O,(B)
County NatWest Ventures Limited	500	OPEN	P	Y	Y	Y	Y	071 375 5000	O,(N),(P),(Q)	Phoenix Fund Managers Limited	1000	5000	N	Y	Y	Y	Y	071 638 3618	A,B,C,D,E,F,I,M,O,P,R,Q
Cygnus Venture Partners	200	OPEN	Y	Y	Y	Y	Y	0885 272601	O,(N),(P),(Q)	PIE Europe Ltd	10000	100000	N	Y	Y	Y	Y	071 225 3122	M.H.
Derbyshire Enterprise Board Limited	50	500	Y	Y	Y	Y	Y	0246 207390	O,(N),(P),(Q)	Piper Investment Management	100	1000	P	Y	Y	Y	Y	071 702 0686	O
Dorchester Enterprise Agency (Finance)	10	100	Y	Y	Y	Y	Y	0246 207390	O,(N),(P),(Q)	Postal Development Capital	1000	5000	N	Y	Y	Y	Y	0223 423132	C.D.E.I.L.K
Dunedin Ventures Limited	150	1500	N	Y	Y	Y	Y	031 315 2500	O,(N),(P),(Q)	Prelude Technology Investments Limited	20	1000	Y	Y	Y	Y	Y	071 831 7747	O
Eagle Star Investment Managers Limited	500	OPEN	N	Y	Y	Y	Y	071 929 1111	O,(N)	Priority Investments Holdings Limited	100	500	Y	Y	Y	Y	Y	031 225 4421	F.M.I.L.
East Midlands Venture Fund Managers Ltd	5	175	Y	Y	Y	Y	Y	0602 678400	O,(N)	Prudential Venture Managers Limited	1000	20000	N	Y	Y	Y	Y	071 222 5472	O
ECI Ventures	1000	5000	N	Y	Y	Y	Y	071 606 1000	O,(N)	Regent Street Ventures Limited	100	1000	Y	Y	Y	Y	Y	0226 296100	O,(B),(N)
Electra Invoice Limited	200	8500	Y	Y	Y	Y	Y	071 831 6484	O,(N),(P),(Q)	Rothschild Ventures Limited	250	2500	Y	Y	Y	Y	Y	071 280 5000	O,(B)
Electra Kingsway Limited	2000	OPEN	Y	Y	Y	Y	Y	0232 242500	A,C,B,R,I,L,L,G,E,F,K	Schroder Ventures	500	25000	Y	Y	Y	Y	Y	071 632 1000	E,B,C,D,E,F,I
Enterprise Equity (NI) Limited	50	750	Y	Y	Y	Y	Y	071 800 1889	E,F,H,I,J,L,M,Q,P,S	Scholar Development Capital Limited	300	2500	Y	Y	Y	Y	Y	071 727 5886	O,N,M
Eurocontinental (Advisors) Limited	250	2500	P	Y	Y	Y	Y	0223 415689	A,D,M,L,B,E,H	Scottish Development Finance Ltd	50	2000	Y	Y	Y	Y	Y	041 245 2700	B,C,D,E,F,I
Euroventures UK (Octagon)	150	750	Y	Y	Y	Y	Y	041 204 1321	A,D,M,L,B,E,H	Security Pacific Venture Capital	ECU 500	ECU 10000	Y	Y	Y	Y	Y	071 925 2386	O
Finlay Ventures	100	1000	N	Y	Y	Y	Y	071 480 6211	A,B,C,L	Seed Capital Limited	5	40	Y	N	N	N	N	0481 578999	O
Fleming Ventures Limited	100	1000	N	Y	Y	Y	Y	071 782 9829	O,(B),(C),(D)	Stewart, Ivory & Co. Limited	1600	2000	P	Y	Y	Y	Y	031 225 3271	O,(B),(N)
Foreign & Colonial Ventures Limited	1000	7500	N	Y	Y	Y	Y	071 782 2000	O,(B),(C),(D)	Sun Life Investment Mgmt. Services Ltd	250	2000	P	Y	Y	Y	Y	021 225 1222	O
Gartmore Venture Capital / GLE Technology	5	1000	Y	Y	Y	Y	Y	071 403 0300	O,(B),(C),(D)	Tayside Enterprise Board Limited	25	250	Y	Y	Y	Y	Y	0382 621030	O,(B),(N)
Grainville & Co. Limited	500	5000	N	Y	Y	Y	Y	071 488 1212	O,(B),(C),(D)	Thompson Clive & Partners Limited	500	3000	P	Y	Y	Y	Y	071 491 4808	O,(B),(N)
Great Winchester Capital Fund Managers	250	750	Y	Y	Y	Y	Y	071 388 7375	O,(B),(C),(D)	Top Technology Ltd	80	500	Y	Y	Y	Y	Y	071 242 9800	A.C.E.D.S
Gresham Trust plc	300	1500	N	Y	Y	Y	Y	071 806 6474	O,(N),(P),(Q)	Touche Remnant Investment Management	250	2000	N	Y	Y	Y	Y	071 236 6568	A.B.E
Grosvenor Venture Managers Limited	250	3000	N	Y	Y	Y	Y	0753 611612	O,(N)	Transatlantic Capital (Bio Sciences) Limited	80	500	Y	Y	Y	Y	Y	071 221 1121	O
Guinness Mahon Development Capital Limited	250	100000	N	Y	Y	Y	Y	071 623 9333	O,(N)	Tuffon Associates Ltd	500	OPEN	N	Y	Y	Y	Y	071 222 5151	F.I.M.N.
Hambro European Ventures Limited	250	OPEN	P	Y	Y	Y	Y	071 702 3593	O,(B),(C),(D)	UBK Information Technology Partnership	80	500	Y	Y	Y	Y	Y	071 626 3422	O
Hancock Int. Private Equity Mgt. Ltd	2000	10000	N	Y	Y	Y	Y	071 414 0131	O,(B),(C),(D)	Ulster Development Capital Limited	80	800	N	Y	Y	Y	Y	0232 246765	O
Henderson Venture Managers	1600	5000	N	Y	Y	Y	Y	0463 254171	O,(N),(P)	Venture Founders Limited	100	800	N	Y	Y	Y	Y	0685 634018	A,B,D,E,F,I
Highlands and Islands Enterprise	500	0	Y	Y	Y	Y	Y	031 225 7644	O,(N),(P)	Venture Link Investors	250	1600	Y	Y	Y	Y	Y	0628 771050	O,B,C,D,E,F,I
Hodgson Martin Limited	100	1000	Y	Y	Y	Y	Y	0232 233233	O,(N),(P)	Welsh Development Agency	5	500	Y	Y	Y	Y	Y	0732 790000	O,(B),(N),(O)
Industrial Development Board for N. Ireland	0	OPEN	Y	Y	Y	Y	Y	0753 885624	O,(N),(P)	West Midlands Enterprise Board Limited	750	750	P	Y	Y	Y	Y	021 236 8856	O,(B),(N)
Industrial Technology Securities	180	250	Y	Y	Y	Y	Y	0753 885624	O,(N),(P)	Yorkshire Bank Development Capital Ltd	550	2000	N	Y	Y	Y	Y	0532 442648	O,(B),(N),(O)
Invesco MIM Development Capital Limited	250	10000	Y	Y	Y	Y	Y	0753 885624	B,C	Yorkshire Enterprise Limited	50	500	Y	Y	Y	Y	Y	0532 374774	A,B,C,D,E,F,I
										Yorkshire Fund Managers Limited	250	1250	N	Y	Y	Y	Y	0532 480182	O
										Yorkshire Venture Capital	250	500	N	Y	Y	Y	Y	0742 227272	O,(B)

Key: Y = Yes, P = Possible, N = No. Sector Preferences: A = Communications, B = Computer Related, C = Other Electronic Related, D = Biotechnology, E = Medical, Health, F = Energy, Natural Resources, G = Agriculture, H = Consumer/Related Products, I = Industrial Products, J = Space and Aviation, K = Chemical Industry, L = Industrial Automation, M = Wholesale, Trade, Distribution, N = Property, O = Anything, P = Financial Services, Q = Media/Entertainment, R = Any other. Any letter in brackets indicates a preference not to invest in that sector. Source: KPMG Corporate Finance

A glossary of venturespeak: from 'burn rate' to 'culture capital'

The jargon explained

EVERY trade has its own jargon and the venture capital industry is no exception.

The venture capitalist hopes that his *phans* will more than outweigh the *lemors* in his portfolio and help him get over his hurdle, writes Charles Mitchell.

The entrepreneur meanwhile must keep a wary eye open for the *cultures* who may

attempt to deprive him of the sweat equity he needs to make the deal worthwhile.

Some of the more colourful expressions which crossed the

Atlantic along with the techniques themselves in the 1970s have fallen out of use - *death valley curves* and *grey waves* no longer form part

of flavour venturespeak - but a flavour of venture capital's pioneering days remains. (Death valley curves means the decline in a start-up

company's equity base, as cash flows out and before profits start coming; grey waves refers to a company or sector with such distant prospects that they will not be realised before the investors' hair has turned grey.)

Here and on the following pages is a glossary of other terms:

□ **Burn rate** this is the rate at which a business uses up the funds provided.

□ **Business angel** a private investor who not only finances small companies but who also gives them the benefit of his or her own expertise.

Most angels are retired executives or entrepreneurs who have sold their own business.

□ **Business Expansion Scheme** a scheme to encourage investors to engage in risk investment by offering them tax relief at their top marginal rate, for up to £40,000 invested a year.

There is now a £750,000 annual investment limit for each investor company to channel investment to smaller businesses. But recent cuts in tax rates have reduced the attractions of the BES for investors while special encouragement for investments in residential property have diverted funds away from non-property ventures.

The Treasury's long-running dislike of the scheme finally carried the day in the March 1992 budget and the BES will come to an end in December 1993.

□ **Business plan** the document put together by managers to justify their application to financiers for backing. A business plan should contain summaries of past and projected profit and loss accounts, balance sheets and cash flows. It should also have details of products and

services, markets, future strategy and profiles of the managers - but don't get too carried away: most financiers will not go beyond the two-page executive summary. □ **Captive funds** venture capital organisations which form part of larger financial services groups. Usually they do not raise their own discrete funds but draw on the resources of their parent groups.

□ **Carried interest** shares or an option on shares taken by the venture capitalist in the investee company as part of the financing agreement. Usually the stake taken is 20 per cent. See also 'Hardly rates', explained on the facing page.

□ **Corporate venturing** this is the practice of a large company taking a small equity stake or establishing a joint venture with a smaller business to benefit from the smaller firm's specialist expertise.

The large business can provide finance, management back-up and distribution outlets which would not be available to the smaller partner. The small company

brings its innovative skills and allows the big company a ringside view of the new products and technologies

VENTURE CAPITAL 7

UK REGIONAL FUNDS

Still doing good business despite the recession



Manchester: a leading regional centre for venture capital

Principal funds based in UK regions

Fund headquarters, together with contact names and telephone numbers, include:

ABERDEEN
Aberdeen Fund Managers:
H.Little,
tel. 0224 631 999.

BARNESLEY/SOUTH YORKSHIRE
Regent Street Ventures:
J.Hattersley,
tel. 0226 770 770.

BELFAST
Enterprise Equity: D.Glynn,
0232 242 500.
Industrial Development
Board: C.Harding, 0232 233 233.
LEU: A.Neville, 0232 481 031.
Ulster Development Capital:
E.W.Johnston, 0232 246 785.
Ulster Venture Capital:
G.Lomas, 0232 246 678.

BIRMINGHAM
Birmingham Technology:
T.F.Crawley, 021-359 0981.
Centenary Development
Capital: J.Naylor, 021-643 3941.
County Network: A.Lewis,
021-236 1841.
Lloyds Development Capital:
M.Joseph, 021-200 1055.
Sumit Equity Ventures: L.
Bury, 021-200 2244.
West Midlands Enterprise
Board: P.G.Collings, 021-236 8866.

BRISTOL
Derlington & Co: S.Toole,
0272 213 206.

CAMBRIDGE
Cambridge Capital
Management: S.Bloomfield,
0223 312 856.
Prelude Technology
Investments: R.Hook, 0223 423 132.

CARDIFF
First Welsh General
Investment Trust: David
Wright, 0222 229 922.
Welsh Development Agency:
P.Murphy, 0792 780 000.

CHELTENHAM
Capital Ventures: R.Collins,
0242 584 380.

DONCASTER
Doncaster Enterprise
Agency: S.Staniland, 0302 340 320.

DUNDEE
Tayside Enterprise Board:
J.Long, 0382 621 030.

EDINBURGH
Charterhouse Development
Capital: J.McGrane, 031-556 2555.
Dunedin Ventures:
B.Finlayson, 031-315 2500.
Hodgson Martin: A.Hodgson,
031-226 7644.
Ivory & Sime:
R.Muir-Simpson, 031-225 1357.
Morgan Grenfell: S.Deacon,
031-557 8600.
Noble Grossart: B.Dick,
031-226 7011.
Quale Munro: R.Petrie,
031-226 4421.
Stewart Ivory & Co:
J.Murray, 031-226 3271.

GLASGOW/AYRSHIRE
ASSET: D.Gage, 0294 602 515.
Clydesdale Bank Equity:
N.Kennedy, 041-248 7070.
Murray Johnstone:
I.W.P.Tulloch, 041-226 3131.
Scottish Development
Agency: D.Patience, 041-248

2700.
Scottish Allied Investors:
P.N.Homer, 041-204 1321.
HALIFAX
Garland and Whalley
Securities: J.E.Barker, 0422 348 401.

LEEDS
Capital for Companies:
B.Anyas, 0532 438 043.
County Network:
G.Dewhurst, 0532 443 444.
Leeds Trust: T.Cottier, 0532 442 080.
Lloyds Development Capital:
G.Weaver, 0532 441 001.
Yorkshire Bank
Development Capital:
G.Shields, 0532 442 848.
Yorkshire Enterprise:
P.Claydon, 0532 374 774.
York Trust:
G.Monnickendon, 0532 480 132.

LIVERPOOL
Capital for Companies:
K.Abbott, 051-227 2030.

MANCHESTER
Barclays Development
Capital: A.Hyams 061-832 7222.
Charterhouse Development
Capital: S.Neilles, 061-236 1100.
County Network Ventures:
J.Moran, 061-832 8827.
Henry Cooke Group:
D.Smith, 061-834 2332.
March Investment Fund:
R.S.Marshall, 061-872 3676.
Murray Johnstone:
J.Diggle, 061-236 2288.
North of England Venture
Managers: P.Folkman,
061-236 6600.
North West Regional Fund:
C.Edwards, 061-834 2332.
Ventures North West:
J.Diggle, 061-236 2288.

MIDDLESBROUGH
Cleveland Venture Fund:
P.Kerr, 0642 251 083.

NEWCASTLE-UPON-TYNE
Northern Venture Managers:
M.Denny, 091-232 7068.

NORWICH
Norwich Union Life
Assurance: S.Allen, 0603 663 751.

PRESTON/LANCASHIRE
Lancashire Enterprise:
R.Barnford, 0772 203 020.

SHEFFIELD
Yorkshire Venture Capital:
P.Gillmartin, 0742 722 272.
51 449.

STAFFORD
Staffordshire Development
Associates: R.Redfern, 0785 51 449.

STEEL AND COAL CLOSURE AREAS
British Coal Enterprise:
P.Andrews, 0623 826 833.
British Steel (Industry):
V.Smith, 0742 731 612.

NATIONAL, WITH REGIONAL SPREAD
St contact Marketing
Dept, 071-928 3131.
Lazard Ventures/
Development Capital:
Charles Cox, 071-588 2721.
Sources: Northern Venture
Managers, March
Investment Fund, British
Venture Capital Association,
31, Stay Hayward

IT IS difficult to find any gloom among venture capital providers outside London and southern England. Britain's regional network of funds has been doing good business throughout the recession because it is well suited to what market there is to work in.

These are the tiddlers of the industry: funds are small, but so are deals. Regional funds stepped into an equity gap too small for high-overhead London funds to fill. Moreover, most regional deals require the sort of local knowledge and contacts that national or international London-based funds do not have.

In the recession, strong trends have emerged in the regions' favour. They show in the figures: excluding St, about £1.42bn was invested at the 1989 national market peak, but this dropped to £983m last year, a plunge of 30 per cent.

Since the number of deals fell by only 8 per cent - from 1,302 to 1,196 - there had to be a fall in the value of investments made by each fund. This amounted to 34 per cent - from £11.5m in 1989 to £8.7m last year.

Of the £989m invested last year, 28 per cent was in the Midlands and north, or £277m. This was up on the 1990 figure (£256m), itself representing a national share of 23 per cent. However, from the volume point of view, the same regions' share of the £1.96 deals in 1991 was 34 per cent, or 408. The comparative figures for

1990 were 29 per cent and 354. The trend, therefore, is for more deals in the regions where recession has not impacted as badly as in the south, but at lower individual value.

The difference this represents on the recession of 1989-92 is that there was no regional venture capital network at all in those days, apart from St's branch offices.

Indeed, our listing on this page shows more than 60 sources of funds in the regions, most of which have come into being only since the mid-1980s. Most are small, having only £5m to £20m each to invest. This in turn means that none is likely to put more than £1m - 5 per cent of a £20m fund - into any single deal.

However, most of what deals there have been in the last year have nearly all been within range of funds this size. Moreover, the way the bulk are now clustered around the emergent regional financial centres of Manchester, Leeds, Birmingham, Edinburgh and Glasgow means they can easily syndicate quite large deals among themselves.

None of these centres needs to go anywhere else to raise £20m now, while even five or six years ago they would have had to have left London.

As the London-based Mr Charles Sherwood of Schroder Ventures, puts it: "If you have a small deal in, say, Leeds and don't need anything more than generalised venture capital skills, why even think of taking it outside Yorkshire?"

"We don't have the ability to respond quickly to deals outside London and we don't have enough regular contact with intermediaries in regional centres to develop trust between them and our funds," he adds.

Figures from St reinforce the general picture. North-west investments by St were £44m in 1991-92, compared with £12m the previous year.

The respective figures for Yorkshire and Humberside were £38m and £18m, and for the north-east, £18m and £12m.

Mr Charles Richardson, St's director for the north and Scotland, says there are three reasons for the growth. Prices are more realistic and lower, large companies have become keener to dispose of non-core activities as the recession has deepened, and there has been an increase in management buyouts and buy ins from parent companies in receivership.

St says there has also been a shift in attitudes favouring equity capital, especially with the banks reluctant to lend and many companies wanting to avoid the mistakes of the 1980s by becoming overgeared and incapable of responding to upturn.

One of its bigger regional deals was the £27m buyout of Standard Fireworks of West Yorkshire from Scottish Heritage Trust. Less spectacular, but no less important, was the purchase by its management of Samuel Banner, a Liverpool solvents and chemicals blender.

Other deals included the £15m buyout of Mark Birkbeck Holdings, a Lancashire retailer and wholesaler of natural fibre leisurewear, and the buyout of the Cheshire-based Taco Holdings, one of the UK's largest independent manufacturers of polythene film.

Mr Jonathan Digges heads Murray Johnstone's Manchester office, which also manages Ventures North West, the

investment capital fund of the Greater Manchester Pensions Authority - "our experience shows good deals can be done, even in deep recession," he says.

He was involved in the St-led support of the management buyout of housebuilder George Langdon from Whitecroft, the Wiltshire conglomerate, which has been restructuring to get through the recession. The housebuilder is doing well because northern prices never bubbled and have not declined significantly - in sharp contrast to the south.

Murray Johnstone's biggest deal this year was the purchase of the Salford-based Canadian Pizza from its north American parent. It underwrote more than £5m of funding and has happily hung on to £7.5m of investment after letting other funds in on the deal.

Ventures North West even achieved its first successful exit, following the return to successful health of Alexander Drew, a textile finisher bought out from the failing Coleroll group in 1989 in a deal that also involved Morgan Grenfell, Charterhouse and Deutsche Bank.

Mr Edmund Johnston runs

one of Britain's smallest regional funds, Ulster Development Capital in Belfast, which is backed mainly by two Dublin pension funds and four British insurance companies. It has been revolving its returns since starting in 1985 and has done 20 deals from a base fund of only £1m.

"Admittedly it's from a low base, but we are finding more activity and optimism. There's not much new stuff likely to be usually linked to some sort of reconstruction, such as buyouts or buy ins, or some sort of change of ownership of a business for one reason or another," says Mr Johnston.

NATIONAL Pressures are even encouraging reconstruction of the venture capital industry itself. The most significant example so far came at the end of May, when Schroder backed the purchase of Summit Equity Ventures, one of the oldest regional groups of funds, from A.E.Sharp, the Birmingham-based stockbroking and financial services company.

Summit has three funds worth £45m, including a publicly quoted investment trust of

£10m. It will now be run by Mr Lyndsay Bury, previously a founder of Apricot Computers and a founder director of Allied Dunbar Bank.

A.E.Sharp retains 10 per cent, but Mr Bury's other shareholders will be Schroder Ventures and Mr Peter Folkman's £20m North of England fund, which Schroder also backs.

Sherwood says the industry is now mature and is segmenting. The strength of London funds is in big, complex, international or specialised, high technology deals.

He sees Schroder's tie-up with Mr Folkman - a former St director - and Mr Bury as akin to a franchising operation, with London money made more easily available for medium-sized or bigger deals in the regions.

This sort of thing should enable regional funds to trade their local knowledge and contacts for access to London money, some hundreds of millions of pounds of which are uninvested at present. The tiddlers of the industry may well have more national bargaining power than they realise.

Ian Hamilton Fazey

From 'hands on' to 'buy-out'

□ Glossary continued from facing page:

becoming available and the list also includes a refinancing of the company by another group of venture capitalists or the purchase of all the shares by the company's own management.

□ Hands on/hands off: some venture capitalists take a very close interest in their investee companies and will provide management expertise to help them get started and in times of difficulty. It is rare to find a venture capitalist who does not claim to be "hands on," but many, in moments of honesty, will admit to being "hands off" or passive investors.

□ Share rates: institutional investors have grown restive at the fees venture capitalists earn and have started to insist that funds achieve a basic return before managers can claim their carried interest. They often set hurdles based on a return on gifts or one of the leading stock market

indices. □ Independent funds: these do not form part of larger financial groups. They raise their money from institutional and other investors.

□ Internal rate of return (IRR): different people calculate this in different ways but it basically means the compound annual rate of return to the investor. It includes dividend distributions and profits from disposals or the profits shown on a fair valuation of an investee company. Inevitably, venture capitalists differ over when investments should be written down, up or off so the figures are rarely strictly comparable. Most venture capitalists set themselves a target IRR of 30 to 40 per cent on their portfolios though the return to investors may be much lower.

□ Lemons and plums: bad investments invariably go wrong before the good ones produce the profits. The lemons usually ripen before the plums.

□ Living dead: a portfolio company which is just about trading profitably but which shows little sign of ever meeting the venture capitalist's early high expectations.

□ Management buy-in: the purchase of a business by an outside manager or team of managers with the help of a group of financial backers.

□ Management buy-out: the purchase of a business by its existing management with the help of a group of financial backers. Buy-outs are funded largely by loans secured on the assets of the company itself. Most of the equity comes from the venture capitalist.

□ Continued on the next page

VCR Investment Opportunities
Venture Capital Report (est 1975)
sets and writes up businesses seeking capital/partners, and investors subscribe to the report.
Tel: 0491 579999

NATIONAL EXPRESS
Buyout jointly with
Drawline Transport Group plc
Inter-city coach operator
Sales: £110m
Syndicate Leader

Treats
Buyout from Unilever
Ice cream manufacturer and distributor
Sales: £15m
Lead Investor

AFD WEARMING
Buyout from
private ownership jointly with 31
Marketing Services Business
in Germany
Sales: DM15m

HHL PUBLISHING
Buyout from
Maxwell Communication Corp
Contract and consumer publishing
Sales: £36m
Lead Investor

eci VENTURES
leaders in "smaller" buyouts

eci Ventures Limited
Brettenham House
Lancaster Place
London WC2E 7EN
Tel: 071-696 1000
A member of IMRO

N M ROTHSCHILD & SONS LIMITED
MBO and acquisition debt expertise

DISCOVERY
Debt arranger and provider
Discovery Inns acquisition

Anglian GROUP PLC
Debt arranger and provider
refinancing of
Anglian Windows
MBO Vendor Loan

HUNTER SAPHIR PLC
Debt arranger and provider
leveraged acquisition
by Hunter Saphir PLC

BM
Debt provider
Brunner Mond MBO

Standard FIREWORKS
Debt provider
Standard Fireworks MBO

RSA ADVERTISING
Debt arranger and provider
RSA Advertising acquisition

SWEDISH MATCH
Debt provider to
Swedish Match 1990 MBO

For more information about raising MBO and acquisition debt
call Paul Tuckwell in London on 071-280 5000
or Charles Keay in Manchester on 061-833 0888

N M Rothschild & Sons Limited is a member of SFA

VENTURE ECONOMICS
VENTURE '92 FORUM EUROPE
London, 2 - 4 December 1992

Venture Forum Europe '92 brings together industry experts from Europe and North America to discuss the opportunities facing venture capitalists in a rapidly changing European environment. Arranged by Venture Economics and the Financial Times, the Forum will provide a unique opportunity to meet those involved in raising capital, negotiating deals and building the businesses of the future.

Issues to be addressed:

- Developments in Performance Measurement
- Direct Investments by Institutions
- Understanding the Investment Cycle in MBOs
- UK and German Venture Capital: Contrasting Approaches
- Exit Strategies
- Succession Problems in Owner-Managed Businesses

Speakers include:

Matts Andersson
Chairman, EVCA
Vice President, SITRA

Chris Atwood
Partner
Ernst & Young

Roger Brooks
Chairman
Candover Investments

Ronald Cohen
Chairman
Apax Partners & Co

Frederic de Broglie
Director General
Adjoint
31 S.A.

Andre de Silve
Managing Director
Triostar Management Equity

Rafael Estarban
Development Capital Manager
Banco de la Piedad y Mediana Empresa

Karl-Heinz Farsenow
Sprecher der Geschäftsführung
Deutsche Beteiligungsgesellschaft

Nick Patrucha
Partner
Ernst & Young

Fabio Lorenson Sartini
Administratore Delegato
Chiesi Gemini Italia

Mauricio Tchenio
Director General
Apax Partners & Co

Iain Tulloch
Investment Director
Murray Johnstone Developments

Loender J van Driel
Managing Director
Gilde Investment Fund.

Co-sponsored by:
Apax Partners & Co **ERNST & YOUNG**

VENTURE '92 FORUM EUROPE

□ Please send me conference details

Name: Mr/Mrs/Ms/D/Other _____ Dept: _____
Position: _____
Company/Organisation: _____
Address: _____
City: _____
Country: _____
Post Code: _____
Tel: 071-251 9321 Fax: _____
Type of Business: _____

To: The Financial Times
Conference Organisation
102-108 Clerkenwell Road
London EC1M 5SA, UK
Tel: 071-251 9321
Fax: 071-251 4686
Tel: 27347 FTOCONF G

HD

MINIMUM AMOUNT: £500,000

Corporate Finance & Restructure
Development Capital
Private Placement Funds \$2m to \$20m
Property Finance for Development & Investment
International Trade & Project Finance

CORPORATE FINANCE CONSULTANTS LIMITED
75-77 Moscow Road, London W2 4XW
Tel: 071 727 6474 Fax: 071 221 1196

RAISING

MBO's / Venture Capital
Talk to the experts
Pharos Associates
0203 9943 9722
Or Write Box 4008 Financial Times, One South Colindale Avenue, London NW9 1RL

FINANCE?

VENTURE CAPITAL 8

RAISING CAPITAL

An entrepreneurs' guide

MOST fund-raising proposals put to venture capitalists end up in the waste paper basket. If the venture firm is not too cramped for office space, they may survive, stacked up in the cellar. The problem investments (many made during the late 1980s) have made venture capitalists even more cautious about backing untried ventures.

A management background is usually required - entrepreneurial enthusiasm is no longer enough - and most venture capitalists are happier providing established businesses with expansion finance than with backing entirely new ventures.

Many venture capitalists claim that their best deals come through personal contacts and professional networks. If you have built up a reputation in your industry or cultivated members of the venture capital community, so much the better. Use these contacts to the full, if only to obtain an informal assessment of your business idea.

If you have not established such contacts, your first approach to a venture capitalist may have to be by means of your business plan, sent through the post.

Individual venture capitalists estimate that they only back between 1 and 2 per cent of the business plans they receive, so your plan needs a lot of thought.

Firstly, make it easy for the venture capitalist to read. Preface your plan with a two-page summary which will allow him to get the feel for your proposal and tell him how much money you need. Do not burden your plan with excessive detail.

Computers have made it only too easy to compute endless "what if" scenarios, but as every venture capitalist knows, forecasts can be made to come up with any result the forecaster wants.

The plan should tell the reader what you are going to do; who is going to do it; how you are going to do it; why you will be doing it that way; and when you will do it. To put it more technically, the plan should explain the product or

service, the background and experience of the managers, the market, the operational structure and the financial history and projections.

Where some entrepreneurs go wrong is to explain the product or service in great detail, but to ignore the people who will be carrying out the plan. Tell the venture capitalist about yourself and your team. Good managers can do a lot with an indifferent product or service; poor managers can fall with the most brilliant of innovations.

By the same token, clever technical people can become absorbed by the features of the product they intend to launch and completely ignore the need for marketing expertise or financial management skills. The team and the plan must show a balance.

WHO should write the plan? Some would-be entrepreneurs hand the whole thing over to their accountants. The result may be financial models of exquisite beauty but a lack of "heart." No entrepreneur can expect to defend a plan drawn up by someone else when the venture capitalist makes his inevitable criticisms.

Use your accountant to help out with the financial projections but make sure the plan reflects your personality and ideas.

Who should you send the plan to? The proliferation of venture capital companies (temporarily arrested by the recession) has made it difficult to identify the most suitable recipients. But it is important that you target only those venture firms most likely to respond positively. A bulk-mailing to every one on the British Venture Capital Association's membership list will not add to the credibility of your proposal.

Venture capitalists are sometimes willing to express a preference for particular industry sectors (see table, page six), but few are willing to specialise in too narrow a field for fear of piling all their fledgling companies into one nest.

The terms of the deal which the venture capitalist offers may well be an overriding con-

sideration if you are lucky enough to receive competing offers. But other, less tangible factors should also carry considerable weight. Does the venture capitalist have experience of investing in your type of business? Does his firm have the skills to provide back-up if things go wrong? And does he have the resources to provide follow-up finance?

Of crucial concern will be the value that the venture capitalist puts on your company. This will depend on the stage it is at - valuing start-up companies involves a large amount of guesswork - and the degree to which it already possesses tangible assets.

In calculating a price/earnings ratio, the venture capitalist will make deductions because your business is unquoted (and hence not readily saleable); because your business will lack the product and geographical diversity which cushions more established companies; because the business has a shorter track record; and because the management is probably less experienced than that of a larger, quoted company.

He will increase his estimate of its value if the product or service has bright prospects; is positioned in a fashionable sector; and he faces competition from other venture capitalists. By calculating the value of

your company, the venture capitalist can then work out his projected return, usually referred to as his internal rate of return or IRR.

His IRR calculation will depend on the risk associated with the business proposal; the length of time his money will be tied up; the ease with which he believes he will be able to realise his investment; and the existence of competing venture capitalists.

Raising the funding, however time-consuming and exhausting, is only the start of the venture capital relationship.

Once the contracts are signed, you must come to terms with the fact that you have committed yourself to following an agreed strategy and business plan; to reporting regularly to one or more outside shareholders; to providing your investor with an ambitious return; and to getting on with a new board member with a different set of expectations and responsibilities.

And you thought the bank manager was difficult

Charles Batchelor

USEFUL READING:
☐ *A Guide to Venture Capital*; from the British Venture Capital Association, 3 Catherine Place, London, SW1E 6DX. Tel. 071 253 8212. 36 pages; free.
☐ *The Insider's Guide to Raising Venture Capital*; by Garry Sharp; Kogan Page; 210 pages; £14.95.

From management fees to 'vulture capital'

☐ **Glossary continued:**

or other financial backer. The management puts up a small amount of finance for a disproportionately large percentage of the equity.

☐ **Management fee:** an annual charge normally amounting to 2% per cent of the sum invested. Some investors have insisted that the larger funds making later stage investments should charge less because their portfolio companies are less time-consuming. Others argue that the fee should decline as a fund matures and fewer new investments are being made.

☐ **Recovery or turnaround financing:** supplied to

companies in difficulties where the venture capitalist sees an opportunity to beef up or change the management and return the company to profits. Some venture capitalists have employed insolvency specialists to identify and manage such investments.

☐ **Refinancing:** can be a sign of either failure or success. If a company performs poorly it may need an extra injection of funds. Equally, if it does very well, the management may decide to refinance the business on terms more favourable to themselves with their original venture capital backers or sometimes a new team of financiers.

☐ **Replacement capital:**

☐ **Small start-up**

☐ **Winner:** Stephen Bullock, managing director, Action International Marketing Services.

☐ **Venture capital backer:** Tim Levett, Northern Venture Managers, Newcastle.

☐ **Action International Marketing Services**, has a record for pioneering new marketing techniques in the highly competitive field of pharmaceutical marketing. Starting in 1989, the company now has a strong client list, which includes such big names as Roussel-Uclaf, Parke-Davis, Pfizer and Schering-Plough. Strategically located near Heathrow, it derives roughly half its turnover from overseas business. The company is confident it can be in the top five medical communications agencies in Europe in terms of market share by next year.

☐ **Large start-up**

☐ **Winners:** Jamie Gibson and Adrian Breger, joint managing directors, Breger Gibson.

☐ **Venture capital backer:** Philip Goodwin, 31, Manchester.

☐ **Breger Gibson** produces a range of innovative baby's nappy products and has

risen in only six years to number one position in the UK private label sector, supplying a number of big supermarket and drug store chains. An exciting new product is due for launch shortly which should see the company gaining further market share.

☐ **Management buy-in/turnaround**

☐ **Winner:** John Shannon, executive chairman, Country Casuals.

☐ **Venture capital backer:** William Brown, Invesco MIM Development Capital.

☐ **Following a management buy-in** from textile group Coats Viyella in 1989, a new management team has managed to turn around the trading performance of the womens fashion retailer, increasing profits each year despite the severe retail depression. The company has been given a strong design philosophy and a clear target market has been identified.

☐ **Small management buy-out**

☐ **Winner:** David Mace, managing director, Sealife Centre (Holdings).

☐ **Venture capital backer:** Michael Killingley, KPMG

Psat Marwick, Southampton.

☐ **From one centre** opened in Oban in 1979, the Sealife Centre concept has spread to eight other locations around the British coast, attracting in 1991 a total of 2m visitors. The centres have broken new ground by producing imaginative and innovative marine life displays which aim to educate and involve as well as interest and excite visitors. Plans include possible moves to the Continent with joint venture partners.

☐ **Large management buy-outs**

☐ **Winner:** Richard Atkinson, managing director, Eurocamp.

☐ **Venture capital backer:** Leslie Allan, Barclays Development Capital.

☐ **Eurocamp** has prospered in the tough travel business by offering a tailor-made service to holidaymakers looking for a top-quality campsite holiday in fully-equipped tents or mobile homes. It now offers its 300,000 customers, 40 per cent of whom come from outside the UK, a choice from more than 250 sites. Founded in 1974 and based in Knutsford, Cheshire, the company was acquired by Combined English Stores

In 1981 and then passed into the ownership of Next when it bought CES. In 1988 the opportunity for a management buy-out presented itself, since when turnover has increased by 85 per cent and profits have doubled.

☐ **Expansion**

☐ **Winner:** Peter Hall, chairman and chief executive, Industrial Control Services.

☐ **Venture capital backer:** Robert Lucas, 31, Cambridge.

☐ **Industrial Control Services** operates in the hostile environment of the North Sea. Founded in 1968, the company's products monitor continuous industrial processes for faults, fire, gas and variances against acceptable performance. Some 80 per cent of the installed safety systems in the North Sea has been manufactured by the company and its technology is now gaining widespread acceptance in shore based petrochemical and other industries. The company - which employs more than 1,000 people - obtained a listing on the stock exchange in May this year and has built up exports to more than 30 per cent of turnover.

for all the failures and humdrum performers in the venture capitalist's portfolio.

☐ **Sweet equity:** the extra percentage of a company's equity which is allocated to the managers over and above the shareholding their own relatively modest financial investment would qualify them for. The extra shares are seen as an additional motivation and reflect the fact that it is the managers' hard work which will ultimately make the venture succeed. Sometimes also referred to as "sweet equity" to reflect hard work by the managers.

☐ **Trade sale:** the sale of a company to a corporate buyer. This is the most common exit route (qv) for venture capital backed companies.

☐ **Venture capital:** Equity

Charles Batchelor

JOHN HANCOCK VENTURE CAPITAL MANAGEMENT

Over \$1 Billion in Funds under Management in the United States, Europe, and Asia

Active Purchasers of New & Secondary Venture Capital & Buy-Out Partnerships and Direct Investments

Please Contact:

D. BROOKS ZUG
 JOHN HANCOCK VENTURE CAPITAL MANAGEMENT, INC.
 One Financial Center, 44th Floor
 BOSTON, MA 02111 U.S.A.
 Tel: (617) 348-3707

GEORGE R. ANSON
 HANCOCK INTERNATIONAL PRIVATE EQUITY MANAGEMENT, LTD.
 34 Dover Street
 LONDON W1X 3RA U.K.
 Tel: 44-71-414-0131

Issued by John Hancock Venture Capital Management, Inc. and approved by Hancock International Private Equity Management, Ltd., a member of MPO. John Hancock Venture Capital Management, Inc. is a Delaware corporation which is not required to be regulated in the United Kingdom.

WHEN WE INVEST IN A COMPANY WE'RE NOT INTERESTED IN ITS WORTH. ONLY YOURS.

We invest first and foremost in management not figures on a balance sheet.

If we're convinced you have the ability, commitment and track record, we'll back you in a deal anywhere from £250,000 to £25 million.

If you would like to show us what you are worth, whether it's for a management buy-out, management buy-in or expansion, contact Trevor Jones on 071-606-6474.

Or, if you prefer, speak first to your financial adviser.

Gresham Trust p.l.c.,
 Barrington House, Gresham
 Street, London EC2V 7HE.



Gresham Trust

VENTURE CAPITAL · MANAGEMENT BUY-OUTS

Member of The Securities and Futures Authority.

BUSINESS TRAVEL MANAGEMENT

SECTION IV

Friday September 25 1992

While business travel shows some signs of increasing in spite of the recession, companies are still under increasing pressure to control travel costs. **David Churchill** reports on how the lifestyle of the travelling executive is changing

Controlling costs

THE DILEMMA for hotels, airlines and other suppliers of the business travel market at present is that while there are signs of a greater volume of executive travel, there is consistent and steady pressure by companies to reduce their travel costs.

After a decade when travel has grown to become one of the major, but least controlled, costs of doing business - British companies are estimated to spend more than £18bn a year on corporate travel and associated costs - the impact of recession is forcing virtually all companies to impose a far stricter form of travel management than ever before.

The impact of tighter travel management at a time when more executives are actually having to travel to win new business means, for example, that hoteliers are seeing their achieved room rates significantly below published rack rates and airlines face a declining yield on seats filled.

"There is no doubt that the demand for business travel has increased significantly this year in spite of the recession," says Mr David Whittaker, chairman of the Guild of Business Travel Agents.

"But, equally, companies are looking hard at ways of getting the best buy and so some executives may not be travelling in the comfort they are used to," Mr Eric Brannan, American

Express's general manager for travel in the UK, reports a general trend by companies to drive down costs while recognising in some cases that this can lead to tired and disgruntled executives. "One major company has told all its managers that while they can now only travel economy class anywhere in the world, they can allow for an extra two nights' hotel accommodation to take account of jet lag and tiredness," he says.

This drive to reduce corporate travel costs is echoed by Wagons-Lits Business Travel, part of one of the major travel groups in western Europe. Its analysis of business travel spending by companies shows that since May, there has been a fall of between 2 and 4 per cent in such expenditure.

"Many large companies are radically cutting the amount of money spent on travel," says Mr Richard Lovell, managing director of Wagons-Lits Business Travel. "This does not mean they are travelling less; rather, it shows the impact of downgrading from business class seats to economy on aeroplanes, staying in cheaper hotels for less time, and hiring smaller and cheaper cars."

Wagons-Lits says there has been a continuous decline in the average corporate spend on all areas of business travel since the middle of 1991 - with the exception of rail travel in



Sir Colin Marshall, (left) chief executive of British Airways, with David Whittaker, chairman of the Guild of Business Travel Agents

the UK. "This could be due to executives switching from domestic air travel to rail," adds Mr Lovell.

For the hotel industry, hoteliers have been encouraged this year by a rise in occupancy levels but at a cost of reduced room rates. This is the reverse of last year's experience, when occupancies fell but rates remained firm. "The industry reports better occupancy figures but margins are under pressure from companies trying to secure the best deals," says Mr Geoff Parkinson, managing director of Horwath Consulting, a leading hotel consultancy and a division of Stoy Hayward.

Hyatt International, one of the main worldwide hotel chains aiming at the business market, reports a marked change in the attitude of the international business traveller. "No longer are they just

picking up the phone and booking their favourite hotel," says Mr Allan Edgar, Hyatt's marketing director for Europe, Africa and the Middle East. "Instead, they are doing a great deal of research, looking for tactical offers and promotions which may be available."

But trading down by executives is not all gloom for the travel industry. Mr Bryan Langton, chief executive of Holiday Inn Worldwide, the world's largest hotel group owned by British brewers Bass, says that Holiday Inn's mid-market appeal has helped boost occupancy levels and margins this year. "As major companies worldwide look to cut their travel costs, their executives are moving from the luxury market to mid-priced properties which offer everything they want at a price they can afford."

International airlines have

also been badly affected by the corporate moves to curtail travel costs by trading down. While international passenger numbers so far this year are some 8 per cent higher than last year's Gulf War-affected market, there is still excess capacity forcing airlines on competitive routes such as the North Atlantic to discount prices to fill seats, reducing the yield from the flight at the same time.

Even though economy seats may not be the most convenient for business travellers, because of the restrictions on their use, the airlines are worried about their uptake by executives under cost restrictions. Hence the continued strenuous attempts to woo business class passengers (many airlines are virtually giving up trying in first class, where it is said that less than one in five of the seats is filled

by a full-fare paying passenger). Cathay Pacific, for example, has just increased the size of its business class seats and is one of many airlines now offering a free limousine service to, as well as sometimes from, the airport.

Mr Richard Branson's Virgin Atlantic has tried another approach: it now provides full-fare paying economy passengers - typically business travellers who need the flexibility of a full-fare ticket - a special Mid Class seating section. These seats are as spacious as most other airlines' business class seats, but the food is economy standard.

But trading down from luxury to budget hotels or business to economy class on airlines is only a short-term solution to the pressure on travel costs. In a crisis many executives have no option but to toe the company line: yet

most companies know it does not take managers long to find loopholes in the system.

Hence moves by companies to develop a more structured approach to travel management, thus controlling costs in the long term, rather than by short-term blanket restrictions. But according to a recent survey by American Express of over 400 leading British companies, nearly half still do not have a formal travel policy which tells staff the type and cost of business travel they can undertake. In contrast, most US companies have some sort of formal travel policy.

Not surprisingly, effective travel management is a niche which the large business travel agency chains are keen to promote. They increasingly offer even more sophisticated management information systems to help companies monitor and control travel costs.

While most of these systems have been aimed at large-scale corporate purchasers of travel, Thomas Cook has recently specially targeted medium to smaller sized companies - which spend £500,000 or less a year on business travel.

Yet the trend in the 1990s in travel management is towards globalisation of the business. "Major multinational companies increasingly demand from their travel agencies a global network so that they can arrange, monitor and control their travel costs worldwide," points out Mr Whittaker from the GBTA. Hence the moves by the leading travel groups - such as the world's top five, Amex, Carlson, Wagons-Lits, Thomas Cook and the Japan Travel Bureau - to establish international networks through acquisition.

New technology may be the key to such globalisation of business travel management - in particular, the development by airlines and hotels of sophisticated computer reservation systems. Mr Roy Burnham, managing director for the Worldspan CRS operation, one of a number of competing systems, points out that "the average time it takes at present to organise one business travel arrangement is 30 minutes and that usually means at

IN THIS SURVEY

Computer systems: aim of a global ring
Case study: Lilliput Lane Page 2

Travel policy: coming to terms with a problem
Airlines: fewer suits, fewer hassles Page 3

Hotel deals: a story to discount
Computer reservations: hotels must catch up Page 4

Small luxury hotels: a new phenomenon
Travel managers: changing role
Implants: on the way out? Page 6

Implants: the advantages
Corporate cards: cost-efficiency Page 7

The 1990s: how hard-pressed executives can get the best from their travel
Gullit's silver jubilee: confident on growth Page 8

Editorial production
Gabriel Bowman

least four telephone calls".

But, he adds, a computer reservation system can cut that time and cost down significantly and give more information. "When corporate travel buyers are linked to it electronically via a travel agent or through their own computers, they can check information about flights, hotels and car hire and can make bookings quickly and easily."

Yet while more effective travel management has been given a boost by the recession, there remains the danger that in the corporate enthusiasm to control costs, the purposes of travel may be forgotten. Travel, even at executive level, is tiring and stressful; company accountants and travel managers would do well to remember that at the end of the day it is on its business travellers that the fortunes of the company often depend.



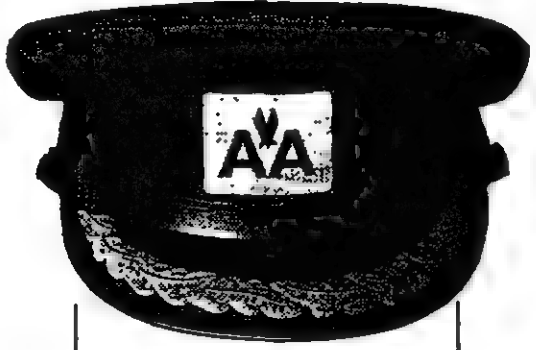
BA Business Class.
£1,061 one way - mid week.
40" seat pitch.
Advance seat selection.
Separate check-in.
Free newspapers.
Free drinks.
Choice of meals.
Free amenity kit.
Priority baggage handling.
Frequent flyer scheme.
Lounge facilities.
Payable chauffeur driven limousine.

BA Full Economy
£360 one way - mid week.
34" seat pitch.
Advance seat selection.
Free drinks.
Choice of meals.
Inflight films.
Free amenity kit.



United Business Class
£1,061 one way - mid week.
40" seat pitch.
Advance seat selection.
Separate check-in.
Free newspapers.
Free drinks.
Choice of meals.
Free amenity kit.
Priority baggage handling.
Frequent flyer scheme.
Lounge facilities.

United Full Economy
£360 one way - mid week.
34" seat pitch.
Advance seat selection.
Free drinks.
Choice of meals.
Inflight films.



American Business Class
£1,061 one way - mid week.
40" seat pitch.
Advance seat selection.
Separate check-in.
Free newspapers.
Free drinks.
Choice of meals.
Free amenity kit.
Priority baggage handling.
Frequent flyer scheme.
Lounge facilities.

American Full Economy
£360 one way - mid week.
34" seat pitch.
Advance seat selection.
Free drinks.
Choice of meals.
Inflight films.



Upper Class
Virgin Business Class
£1,061 one way - mid week.
55" seat pitch.
Advance seat selection.
Separate check-in.
Free newspapers.
Free drinks.
Choice of meals.
Free amenity kit.
Priority baggage handling.
Frequent flyer scheme.
Lounge facilities.
Free chauffeur driven limousine.
Free economy ticket.
Inflight beauty therapist.
Arm rest TV.
Onboard lounge on most aircraft.

Mid Class
Virgin Full Economy
£360 one way - mid week.
38" seat pitch.
Advance seat selection.
Free drinks.
Business class seat.
Inflight films.
Priority baggage handling.
Free amenity kit.
Choice of meals.
Separate check-in.
Individual arm rest TV.

Now you know what everyone keeps under their hat.

In the general clamour for your corporate business, most airlines go in for a great deal of saluting, hat 'doffing' and forelock tugging. All this bobbing and weaving can confuse the real issue. Which is why Virgin Atlantic have always offered your staff more for your money. Virgin Upper Class for example has been consistently voted

"Best Business Class" by the august and experienced readers of Executive Travel Magazine.

This year Virgin took the industry initiative of creating Mid Class, the full Economy service designed with the Business Traveller in mind. No other airline has done more to innovate and add real value

to the business travel customer than Virgin Atlantic. Call our sales support team on 0293 616161 for a personal consultation at your office on all your business travel requirements. If we can't offer you more, we'll eat our hats.



All information correct at time of going to press. All fares quoted London - New York.

BUSINESS TRAVEL MANAGEMENT 2

COMPUTER RESERVATION systems are helping to change the way that business travel is organised. They are a crucial marketing tool for the airlines which own them and they help travel agents provide more flexible, efficient and global customer services.

Increasingly, they also supply the data needed to operate, analyse and oversee corporate travel policies. From their origins in the US in the 1970s, computer reservation systems (CRSs) have evolved into far more than electronic airline timetables. Today a travel agent can call up a customer's "profile" on a system's central or "core" computer, check late seat availability on different airlines, arrange a complex itinerary, print out tickets, book hotels and car hire, and do it all from a desktop personal computer plugged into a telephone line.

To provide this level of features and sophistication, CRS operators have had to assemble some of the most powerful and expensive non-governmental computer centres in the world. For example, Air France, Iberia Airlines of Spain and Lufthansa German Airlines invested Ecu 450m in start-up costs for Amadeus, the European CRS which began commercial operations at the end of last year. Amadeus itself has

spent a further Ecu 400m on buildings, hardware and software.

This year Amadeus expects to break even with about 100m bookings, having reached the requisite "critical subscriber mass". But even before Amadeus began full operations it lost one of its shareholders when Scandinavian Air Systems decided to pull out. Inevitably, with entry costs on this scale, and the continuing demands of travel agents for expanded global coverage by system operators, there has already been some consolidation among the competing CRSs.

With entry costs so high, some consolidation was inevitable

Last autumn a planned partnership between Sabre, the world's largest CRS, which is owned by American Airlines, and Amadeus fell apart acrimoniously because of last-minute disagreements, described by Amadeus at the time as "fundamental differences of strategy".

Subsequently two other CRSs, Apollo of the US and UK-based Galileo, announced plans to merge, forming a new \$1.5bn company called Galileo

International owned by 11 airlines including BA, United Airlines, KLM, Swissair and Alitalia.

Then earlier this month Amadeus, Worldspan, owned by Delta, Northwest and TWA of the US, and Abacus, owned by five Asian airlines, announced a co-operation agreement under which they will interconnect their respective computer reservation systems. (Worldspan and Abacus also have stakes in each other.)

"No system has the capacity or resources to be competitive on every continent," explains Mr Miguel Vermeiren, Amadeus' director of corporate communications. But travel agencies are increasingly forming international groupings, so CRSs must follow suit.

Initially, this technical link will enable travel agencies with branches or affiliations on different continents to share customer records with their partners abroad. Agencies with authorisation will be able to look at a booking record made on any of the three systems, and make out a new booking if

necessary. Eventually, travel agents will be able to transfer and change an original customer booking record if, for example, a traveller alters plans while en route.

"The connection... is a major breakthrough in Amadeus' strategy to achieve a global ring of computer reservation systems which can fully cover the requirements of travel agencies and travellers worldwide," says Mr Jose Antonio Tazon, Amadeus' chief executive. "We believe that the demands of today's travel industry need fuller coverage than is presently provided."

Indeed, business travellers are increasingly demanding one level of travel management across the globe, and using technology is often the only way smaller travel agencies can deliver it. Many travel agents also believe that, even after the recent flurry of mergers and agreements, further consolidation among the CRSs is likely.

Mr Don Lunn, chairman of the UK-based Guild of Business Travel Agents' technical working party, says: "It has

always been my view that ultimately we will see just two global systems, and they will also have to 'talk' to each other." Indeed, many industry analysts believe the number of CRSs could shrink to two or three as soon as 1995.

Like most other travel agents, Mr Lunn would prefer to see some competition maintained between systems, if only to provide some negotiating leverage on charges.

Using a PC to access a modern CRS such as Amadeus, which is connected to airlines' own computer systems by high speed data links, provides the business travel agency with other competitive advantages.

For example, providing the CRS can provide direct "real time" access to an airline's internal reservation system it is possible to check late seat availability and make immediately confirmed bookings.

But as Mr Malcolm Grubb, technical director for Wagons-Lits Travel, says: "It also allows us to provide a very tailored service to traveller and client." The travel agency can build up corporate

and customer profiles held in the CRS, for example detailing what company policy is on flight class or airline, and whether the traveller is a smoker or requires special meals.

By adding in its own management information system software running on the PC travel agents can also capture data from the CRS and then manipulate and analyse it on behalf of a corporate client. In some cases they may be able to use the data to negotiate better deals with airlines or other service providers.

CRSs also play an important role in what their airline owners call "inventory control" or maximising revenues from each seat, a vital ability in the fiercely competitive air fare market.

For example, airlines struggle each day to cut prices enough to sell seats on transatlantic flights while keeping them high enough to make money. The dividing line between success and failure is very fine. American Airlines has said that one extra passenger on every flight adds \$114m

to revenues and almost that much to profits.

Established successful computer reservation systems, such as American's Sabre, can also be an important source of airline revenues in their own right. Sabre takes bookings for 1.6m flights daily and handles 20 times that many inquiries on 740 airlines. Last year Sabre's turnover was about \$550m - more than American Airlines' entire cargo operation - in spite of the Gulf War and recession-induced slump in air traffic.

The attractions of owning and operating an established CRS have helped make them

Legislation aimed at weakening the grip of airlines over CRS flight bookings in the US

targets for scrutiny by rivals and by regulators - spurred on by allegations of bias in the way systems display data.

Early CRSs in particular were built around an airline's internal computer reservation systems. Not only did these "hosted" systems list the parent airline's flights first, something which has now been outlawed by the regulators, they also only provided real time or live access to flight information from the parent airline.

Information from other competing airlines, although shown on the system, is only as good as the last update.

These and other concerns about competition were behind a vote last month in the US House of Representatives which approved legislation aimed at weakening the grip of American and United Airlines over CRS flight bookings in the US. About 70 per cent of US flights are currently booked through the systems owned by the two airlines.

The bill, which is opposed by the Bush administration, would make it easier for travel agents to switch to other systems and require that travel agents be able to book, with equal ease, flights on any airline regardless of whose system is being used.

Proponents of tougher CRS supervision on both sides of the Atlantic say legislation is necessary to prevent CRS owners from using their control to undermine airline competition. Although all CRS owners are adamant that their own systems have no favourites, their critics are unlikely to go away. The pressures on airlines to dilute ownership through further CRS mergers, or set up their systems as independent companies, are therefore likely to grow.

Paul Taylor

Case study: LILLIPUT LANE

The route to Atlantic discounts

FOR TOO many chief executives of small and medium-sized companies, a travel policy goes no further than asking a secretary to book a hotel and an aeroplane ticket. This is both inefficient and expensive. The competition currently gripping the airline and hotel industries has flushed out plenty of bargain deals aimed at businessmen, who have the reputation of being frequent travellers with generous budgets.

Mr John Russell runs Lilliput Lane, a Penrith-based company with a turnover of £12m. Its business is manufacturing small model houses - English country cottages, Scottish castles and the like - for the gift and collectables market. There is a growing demand for such decorative accessories, espe-

cially in the US, and turnover has grown steadily in the 10 years of trading.

Around 30 per cent of sales are overseas, mainly to the US, which means that Mr Russell travels the Atlantic every other month. Until 1988 travel was arranged on an ad hoc basis but then, through social contacts, he signed up with North Shields based specialists Dawson Sanderson, through which he now funnels all his travel and accommodation needs. Lilliput Lane gets discounts on its travel - and a much more efficient service personally handled by a senior executive in the travel agency.

Lilliput Lane is a beneficiary of the arrival of new US carriers flying the Atlantic, in particular American Airlines. Since its arrival over two years

ago, it has attempted to build up regular clients by offering companies like Lilliput Lane discount deals, which are unavailable on British Airways for companies of this size.

Mr Russell spends around £150,000 of his total annual

mileage.

He could use the bonus for upgrades, but prefers to stay in business class. Sometimes junior executives fly economy on the bonus tickets. On routes to Europe and south-east Asia, where competition is less

Discounts are readily available in hotels. But most businessmen do not want to get involved in haggling at the desk

travel budget of £350,000 on crossing the Atlantic and touring the US, mainly flying from Manchester. By hitting fixed expenditure targets, he qualifies for discounts on American Airlines which can be taken in the form of free tickets. The fact that the deal covers travel inside the US helps boost his

intense, there are fewer opportunities to save money.

Mr Russell has discovered, through Dawson Sanderson, that discounts are readily available in hotels. So intense is the competition in the US that savings of up to 50 per cent can usually be found in the cities he visits on business.

The agency uncovers the best room rates. Of course on arrival individual hotels, now often run on a franchise basis, would probably be prepared to offer even greater discounts if there are rooms available. But most businessmen do not want to get involved in haggling at the desk.

Dawson Sanderson acts as a catalyst for Lilliput Lane. It is the go-between on the arrangement between the company and American Airlines, but Lilliput Lane also shares in the discounts that the travel agency obtains through its contacts and working arrangements with other carriers flying to Europe, south-east Asia and elsewhere. So there are one-to-one deals and general discounts to be gained from the relationship.

Another tangible benefit for Lilliput Lane is that its employees can enjoy savings on their holiday travel by booking through Dawson Sanderson - the service covers the entire workforce.

And all this costs nothing. Dawson Sanderson takes its profit from the carriers and the hotels. Indeed, Mr Russell is starting to receive discounts from the travel agency in recognition of the amount of business he is putting its way. Mr George Paton, who runs Dawson Sanderson, acknowledges that the business travel agency world is becoming as competitive as the transatlantic air trade and that loyal clients should enjoy some of the benefits from the deals available.

Antony Thorncroft

VAT refunded

MANY companies are unaware that they may be entitled to a refund of taxes paid when their employees travel in Europe for business purposes. If a company has one or two business trips a year, in all likelihood it is missing the opportunity to recover substantial amounts of money to which it is legally due.

In the past two years, many European countries - specifically, Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain and the UK - have adopted legislation allowing foreign corporations to obtain a refund of VAT paid on business-related services used by their employees travelling for business reasons.

These services include hotel accommodation, meals, car rentals, conferences and trade shows. All these countries have also set up a retroactive claim period, allowing a company to go back six or 12

months (depending on the country) for refund purposes.

To date, few companies have taken advantage of the opportunity to reclaim because of the complexity of the rules and the time-consuming tax refund application process.

However, Meridian Reclaim Services claims it can make the process simple. It offers to handle all the necessary paperwork to process a VAT refund application, including assisting companies in organising past claims as well as setting up procedures to enable them to recapture future VAT expenditures.

The service is cost-free to the company if Meridian fails to obtain a refund. All the work is done by Meridian, so the company has nothing - neither time nor money - to lose. Meridian Reclaim Services, 202-204 Finchley Road, London NW3 5BX. Tel: 071-435-5677. Fax: 435-5641.

CLUB CLASS. WHERE BUSINESS AND PLEASURE COME TOGETHER.



The well-travelled executive knows how to travel well.

And for anyone taking their car away on business that means one place.

P&O European Ferries Club Class. Available on all our routes, for a small supplement it makes travelling on business a pleasure.

In Club Class you'll discover the perfect working environment. An exclusive lounge with complimentary tea, coffee, newspapers and your very own stewards.

A quiet spot to catch up with paperwork or carry on with a meeting. Telephones, desks,

fax machines and photocopying are available on most routes. Our ships from Portsmouth to Le Havre and Cherbourg even offer day cabins for confidential meetings.

So if you're travelling on business, arrive in better shape for the business ahead with Club Class.

From P&O European Ferries, the No. 1 car ferry operator to Europe and GBTA's Preferred Car Ferry Operator. For further details, ask your secretary to contact your local travel agent or call (0304) 205388.

P&O European Ferries
DON'T JUST GET ACROSS. CRUISE ACROSS.

THE PINNACLE SUITES

Not all hotel amenities are found in a marble bath. At least not in The Pinnacle Suites at the RIHGA Royal Hotel.

For example, we offer a cellular phone and fax machine, each with its own private line. When you're away from your suite, call forward to your cellular phone, then to our hotel operator. So you never miss a message.

To let your associates know your address, phone and fax numbers, we also provide



A private line, cellular phone and personal fax. A slight improvement over the free shampoo and shoe buffers.

you with personalized business cards. And for your convenience, check-in and check-out are arranged from the comfort of your suite, which features a bedroom and living room separated by



mirrored French doors, as well as a large

marble bath with separate tub and shower.

From our intimate

piano lounge to our private

health club, the RIHGA Royal is designed

to make you forget you are staying at a

hotel at all. So if you place a higher value

on performance than on pretense, now

you have a hotel to call your own.



RIHGA ROYAL HOTEL
NEW YORK

151 West 54th Street, New York, New York 10019 Toll Free: 800-937-5454
(USA & Canada) RIHGA-Royal International Hotel Group Associates

BUSINESS TRAVEL MANAGEMENT 3

Europe's companies are at last coming to terms with a problem

For want of a policy

DO YOU know your company's policy towards travelling on business? Does it even have a formal travel policy?

For many executives, the answer to both questions is decidedly in the negative. While business travel and associated costs such as entertainment and lodgings represent significant expenditure for companies large and small, the approach to controlling these expenses has been largely haphazard over the past decade.

"Business travel is more often than not a company's third largest controllable expenditure after information technology and salaries," points out Mr Graeme Payne, director of Reed Travel Training, which runs courses in business travel planning for secretaries and in-house travel organisers.

"Yet in spite of the recession, corporate travel policies are still much less in evidence in Europe than America," he adds.

But Europe is catching up. The latest biennial American Express survey of corporate travel practices - the fifth in the series - reveals that for the first time a slight majority (52 per cent) of the 400 companies surveyed had a formal

written travel policy. A further 43 per cent said they had informal guidelines only, while one in 20 of those surveyed had no travel policy at all.

Analysis of the Amex survey shows that over a quarter (29 per cent) of companies with 20 or more employees who travel regularly on business had a formal policy, rising to 71 per cent for companies with 50 or more travelling staff. By type of industry, the Amex survey shows that service companies are most likely to have a formal policy, while distribution companies are least likely to have one.

"Formulating a travel policy is, according to the survey, usually done by the board or management committee - cited by some 62 per cent of companies sampled by Amex. In larger companies, however, it is sometimes an administration or personnel function which formulates the policy.

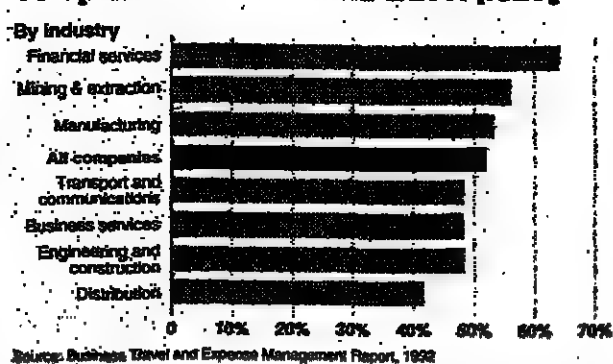
"Top management support is vital for having a successful policy. This support can be gained in many ways, although the most effective is to carry out an audit of the company's expense claims and travel and entertainment expenditure," points out Mr Jim Jamison, Amex's executive vice-pres-

ident for travel management services. "By auditing a random sample of reports, the company will have a far better picture of current travel practices, areas of waste or abuse and opportunities for cost savings."

But he warns of the danger of operating a travel policy half-heartedly. "Many companies make the mistake of wanting to save travel costs but not being willing to make any real sacrifices to achieve this. Such indecision can render any travel policy unworkable."

Moreover, when formulating a policy it is important to gain the support of all those involved in the travel management process - including travellers, secretaries who book travel, managers who authorise the expenditures and personnel, finance and audit staff. Many policies fail because they are imposed from above without any reference to the travel business and nearly every executive has personal views

Companies with a formal travel policy



Source: Business Travel and Expenses Management Report, 1992

back to a policy working successfully in practice comes from business travellers themselves. As more and more companies attempt to restrict travel in business and first-class on airlines, for example, so executives seek ways round the policy.

"Travel is a highly personal business and nearly every executive has personal views

and preferences about the type of hotel and airline and so on," points out Mr Richard Lovell, managing director of Wagons-Lits Travel, formerly Pickfords Business Travel.

He cites the example of companies which restrict all air journeys of six hours or under to economy class, except where the traveller has a medical reason such as a bad back to fly

business class. "This has led to a proliferation of bad backs in the business world," he suggests.

Flying is one of the major direct costs of business travel and therefore an area where travel policy is most keenly applied. Some three-quarters of companies in the Amex survey with a formal travel policy also exercised control over employees' air travel.

However, that can be the area of management control which leaves them most exhausted on arrival from coping with cramped seats, noisy children and "back-packing" tourists. This is an issue where excessive concern with controlling costs can sometimes work against the effective carrying out of business.

But there is a further complication. Many airlines seek to avoid corporate travel policies

by selling direct to a traveller who has the incentive, for example, of a free economy ticket if a business class seat is booked. "Such methods are a source of considerable irritation to much of travel management since it is well nigh impossible for a company to benefit from these incentives," points out Mr Lovell.

Moreover, there is the incentive of frequent flyer programmes. Many executives insist on flying with a particular airline to gain benefits such as Air Miles (from British Airways) or those schemes offered by US carriers. Few companies, it seems, ask their executives for the frequent flyer points to be allocated to the company.

A travel policy, however, should not be viewed as just a means of determining the class of airline flight or quality of hotel. The policy should cover all aspects of travel management: from the planning of the journey, through to those making the actual arrangements, on to the funding and payment systems used, and to how the expenses are reconciled.

It is also important to ensure that all those involved are given a written copy of the policy: where companies rely on "word of mouth" to spread the

policy, then misinterpretations easily (and sometimes intentionally) arise.

The policy should also, where feasible, be given to any regular travel suppliers, such as hotels, car rental companies, and travel agents. It should be regularly monitored - often with the help of management information supplied by business travel agents or charge card operators - and regularly reviewed, perhaps on an annual basis or more often if market conditions are changing rapidly.

Perhaps the most important point about a travel policy, however, is identified by the Amex survey. This emphasises that a travel policy will only bring about cost savings if it is actually applied in practice. The survey found that 51 per cent of companies claimed to have negotiated special rates for hotel accommodation - yet only 39 per cent actually stipulated which hotels their staff should use. American Express said it was "puzzled" why a "sizeable number of companies do not insist on employees using the very hotels for which favourable rates had been specially negotiated."

David Churchill

THE AIRLINES

Fewer suits, fewer hassles

DESPITE THE aftermath of the Gulf war and a well-entrenched recession which have dealt hammer blows to the airlines, business travellers are still taking to the skies in vast numbers on overseas corporate trips. Britain's Guild of Business Travel Agents, whose members reputedly handle more than 75 per cent of all business air traffic, has announced a \$3.6bn turnover for 1991, a 4.3 per cent increase on the previous year.

The same story is reflected in the performance of individual airlines. Dan Air, for example, has announced a 27 per cent increase in its July-August 1992 figures for business travel over the year before.

But what the statistics do not reveal are the marked changes in the profile and demands of the business traveller in the past couple of years. These changes have been brought about by shifts in work style and company structure, the globalisation of industries and, inevitably, tougher controls on travel budgets.

According to Ms Fiona Stewart of the Henley Centre for Forecasting, there has been a decline in the "macho" approach to air travel. "We are no longer going to have business class full of grey-suited business men. Today people are more casual in their dress, there are

more female business passengers, more vegetarians and less interest in the glass of champagne and bag of goodies."

Mr Stewart believes that the airlines need to look very closely at these changes, not only with regard to in-flight service but also on the ground where the need for convenience also has to be recognised. "People want a hassle-free journey to the airport and through the airport," she says.

But it is not just the profile and requirements of the business traveller that have changed. The type of person making travel arrangements inside organisations has changed

"As belts tighten, policy will be set by people higher up the corporate structure"

too, according to British Airways research. "The decision in terms of what travel policy should be implemented may previously have been made by a travel manager or even the personnel department," says Mr Kevin Hutton, BA's general manager for UK and Ireland sales. "But today, as companies tighten their belts, that same policy will be set by people far higher up the corporate structure."

Recession-survivors in an airline industry which has suffered heavy casualties have responded to a tougher, more demanding marketplace with a variety of products and services. New technological developments such as CRS systems have helped corporate clients to manage their travel arrangements more swiftly and effectively with payments facilitated through a bank settlement plan: this ensures that the travel agent presents the company with a single bill while the bank settlement plan sees that all other parties are paid.

Larger companies with a guaranteed number of business passengers can also exercise buying leverage. Many of the airlines admit to being prepared to offer a favourable rebate: this can be as little as 2 per cent but in some cases as much as 10 per cent of the bill. According to Business Traveller magazine, the best deals are to be had on the long-haul routes where there is more competition between airlines than on short-haul flights in and

around Europe. Despite the bargaining element that has emerged in the business travel market, companies such as British Airways and American Airlines are keen to emphasise the importance of maintaining a good yield on ticket sales to protect their long-term business. "We want to be able to secure the best yield possible," says Mr Brandon O'Reilly of American Airlines. "We don't want the average ticket value to go down and leave us in the position of not being able to reinvest in our product and service."

Mr Hutton of BA claims that his airline has turned away business from companies which has been motivated purely by cost. "We won't always go to the bottom rate as it just is not good for us. Without the margin we can't reinvest."

The airlines also claim success in doing their homework on what both business travellers and their employers want from carriers. Virgin Atlantic, for example, says it has emphasised product value with

its Upper Class fare - claimed to be first-class travel at business class prices with a free limousine thrown in - and Mid Class category to appease the traded-down business class passenger who found himself paying a full economy fare.

Service on the ground has not been neglected, either. KLM has recently opened a new \$300,000 business class lounge at Heathrow's Terminal 4 complete with fax, phones and free drinks. And the business class traveller flying between Dubai and the UK with the Emirates airline will get free chauffeur-driven car transfers from three British airports. (Emirates, incidentally, plans to introduce satellite telephone communications for passengers in its wide-body aircraft.)

Japan Airlines has announced a range of value-added benefits in a bid to win the loyalty of travellers on its key routes. Its Big Express services available to first and executive class passengers will include special baggage arrangements,

improved in-flight services and, on arrival, a free phone loan and priority baggage service.

Gatwick-based Dan Air, meanwhile, is also targeting improvements for the business traveller. Its Class Elite service offers dedicated airport lounges, wider seating on the aircraft and priority disembarking. As many as 45 per cent of Dan Air's scheduled flights are business travel. This makes it a highly important market sector for the airline.

Mr Robin Wilkins, Dan Air's general manager, believes his company's ability to sustain customer loyalty lies with the provision of more

BA "has turned away business from companies motivated purely by cost"

flights at more convenient times and more support on the ground. "It is the interchanges in air travel that cause the problems. Our aim is to be able to provide a seamless service," he explains.

American Airlines, which claims to be the largest US airline operating in the UK, also lists a wide range of business travel benefits, from a special Admirals Club equipped with personal computers,

fax machines, telephones and meeting rooms to an air miles credit scheme and priority baggage handling.

Across the board, the picture is that the airlines have become serious about meeting the needs of the business traveller and the companies which foot the bill. But are they getting the complete package right? Mr George Paton, a member of the Guild of Business Travel Agents, believes they are. "The airlines are aware that we are in an age of the consumer and that they have to produce a product to suit a market and attitude that wasn't prevalent 15 years ago. The airlines have very sophisticated marketing policies. The ones that will succeed are those who truly understand the market."

Travel agents are, of course, the first link in the chain for the business traveller. A good one will be able to secure the best deals and negotiate a path through the maze of special prices, exclusive lounges and bonus incentives on the ground and in the air. The choice is becoming more complex and bewildering all the time as airlines fight for market share and premium yield on tickets. But on long-haul flights at least, the bargains are out there.

Wendy Smith

WORLDSPAN

WORLDSPAN is a truly global system giving you access to over 300 airlines, over 22,000 hotel properties, and 42 major car rental companies. WORLDSPAN support includes Help Desks and training centres across Europe, America, Middle East and Africa.

COMMERCIAL WORLD

The average corporate booking takes four phone calls and 20 minutes of time. Booking by phone is just too slow and inefficient to keep up with today's fast-paced business world. COMMERCIAL WORLD is a product from WORLDSPAN which electronically connects a corporate client to its business travel agent - improving the speed and convenience of organising travel arrangements.

Corporate clients gain access to all the reservations information available from the global WORLDSPAN Computer Reservations System and can make their own bookings quickly and simply. The corporate client's own business travel agent checks that the best possible arrangements have been booked and confirms. And with the addition of a WORLD STP (Satellite Ticket Printer), tickets can be instantly received at the client's premises.

COMMERCIAL WORLD means the corporate client eliminates time and money on telephone calls and has access to the very latest reservations information; for the business travel agent, an improved and more efficient service can be offered.

WORLDSTP

WORLDSPAN
Global Travel Information Services

Please send me details about COMMERCIAL WORLD and WORLDSTP

NAME: _____

POSITION: _____

COMPANY: _____

ADDRESS: _____

POSTCODE: _____

TEL: _____ FAX: _____

LATA No: _____ (if applicable)

Send to WORLDSPAN, Axis House, 242 Bath Road, Hayes, Middlesex UB3 3AY or Fax 081 745 1945 or Telephone 081 745 1910.

When you're far from home, where would you like to spend the night?

hotel ho-tel / n: a house licensed to provide lodgings and usually meals, entertainment, and various personal services for the public.

swissôtel swis-oh-tel / n: a group of 16 outstanding hotels in 10 countries, providing frequent travellers and business people not only with bedrooms and conference rooms, but also a home. Excellent cuisine, exciting leisure activities and friendly service such as otherwise only offered by the Swissair parent company.

For reservations call toll-free: USA/Canada 1-800 637 9477, Switzerland 155 10 11, Germany 0130 2673, France 05-32 5069, Holland 06-022 4060, Belgium 078-11 65 55, Great Britain 0800 898 338, Hong Kong 810 7031, Japan 0120 11 8058, Singapore 800 85 45 **swissôtel**

Partner in the Swissair Qualifyer Program.

BUSINESS TRAVEL MANAGEMENT 4

HOTEL DEALS

A story that ought to be discounted

HAVE YOU heard the one about the man who walked into one of London's top hotels, said he was prepared to pay no more than £50 a night and was offered one of the best rooms in the house?

The story, or a variation of it (the man sometimes offers £75) has been doing the rounds throughout the current recession. As in all the best stories, however, the man who paid £50 a night is difficult to track down. He is invariably a friend of a second cousin or a neighbour of a colleague and his name proves oddly elusive.

Mr Michael Ball, marketing director of Utell International, which handles sales and reservations for 8,500 hotels worldwide, says the wider discounting stories began to circulate during the Gulf War, when some hoteliers began to panic. But one of the remarkable features of 1991 as a whole was that while hotel occupancies plunged, the cost of staying in them increased. Mean average room occupancy in

London hotels fell 11.3 points last year to 63.7 per cent last year, according to a survey by Horwath, the hotel and leisure consultants. But the achieved average room rate rose 9.5 per cent to £51.62.

Even in London's luxury hotels, where occupancy fell 14.9 points to 56.4 per cent, average room rates rose 5 per cent to £178.56. In England as a whole, room occupancy fell 6 points to 51 per cent. Room rates rose at a slightly higher level than inflation, increasing 4.7 per cent to £51.79.

Although huge discounts might not be available, companies and travelling employees should not regard the official rates as immutable. The Horwath survey says: "A discount culture prevails among consumers and published tariffs continue to show significant disparities when compared with achieved room rates."

That many companies need to reduce their hotel expenditure is not in doubt. Mr Peter Haigh, Marriott's sales and



The Lansborough Hotel at Hyde Park Corner, London: for the business traveller with a higher profile

marketing director for the UK and Ireland, tells the story of the corporate travel manager at a US bank who has been instructed to reduce his expenditure by 40 per cent.

For US companies, the weak dollar represents an additional problem, with managers who travel to regions with stronger currencies having to pay more.

Some hotels in the UK, which rely on the US for much of their business, have attempted to make life easier for travelling Americans. The Savoy Group, which gets 50 per cent of its customers from the US, began last November to offer American guests rooms at a fixed exchange rate of \$1.70 to the pound.

Executives in the travel industry say there are several ways in which companies can reduce the amount they spend on hotel bills. Mr J. J. Doran, head of travel development for Asia, the Middle East and Africa at travel agents Thomas Cook, says it is generally easier to cut hotel costs than to reduce the cost of flying.

Despite the range of air fares on offer, there is a greater variety of hotel rates.

Mr Ball says all hotel customers should inquire whether hotels offer a corporate rate, which can be 10 per cent less than the posted price. The corporate rate is not only available to guests from large companies. Increasingly, he says,



There is room for a business person to work as well as sleep at the new Copthorne Cardiff Hotel, owned by Aer Lingus

the corporate rate is obtainable by "virtually anyone with a briefcase".

Managers in the industry say that companies should also find ways of maximising their bargaining power with hotel groups. Even relatively small hotels now have computer systems which enable them to assess who their most frequent and loyal customers are. These are the companies that get the most attractive discounts and there are ways of becoming a favoured customer.

The more a company uses a hotel, the more likely it is to get a larger discount. Mr Doran says companies should look at how many hotels they use in each city. It is usually possible to reduce the number and ensure that more employees stay at fewer hotels.

But Marriott's Mr Haigh says that the number of room nights booked by companies is not the only factor that hotels look at when deciding how big the discount should be. Another important factor is when the customers use the hotels. Companies which book their managers into hotels during busy periods only are not as attractive as those who travel all year round. December and January are lean times for hotels. Companies that use the hotel during these months and other quiet periods can usually strike good deals for the year as a whole.

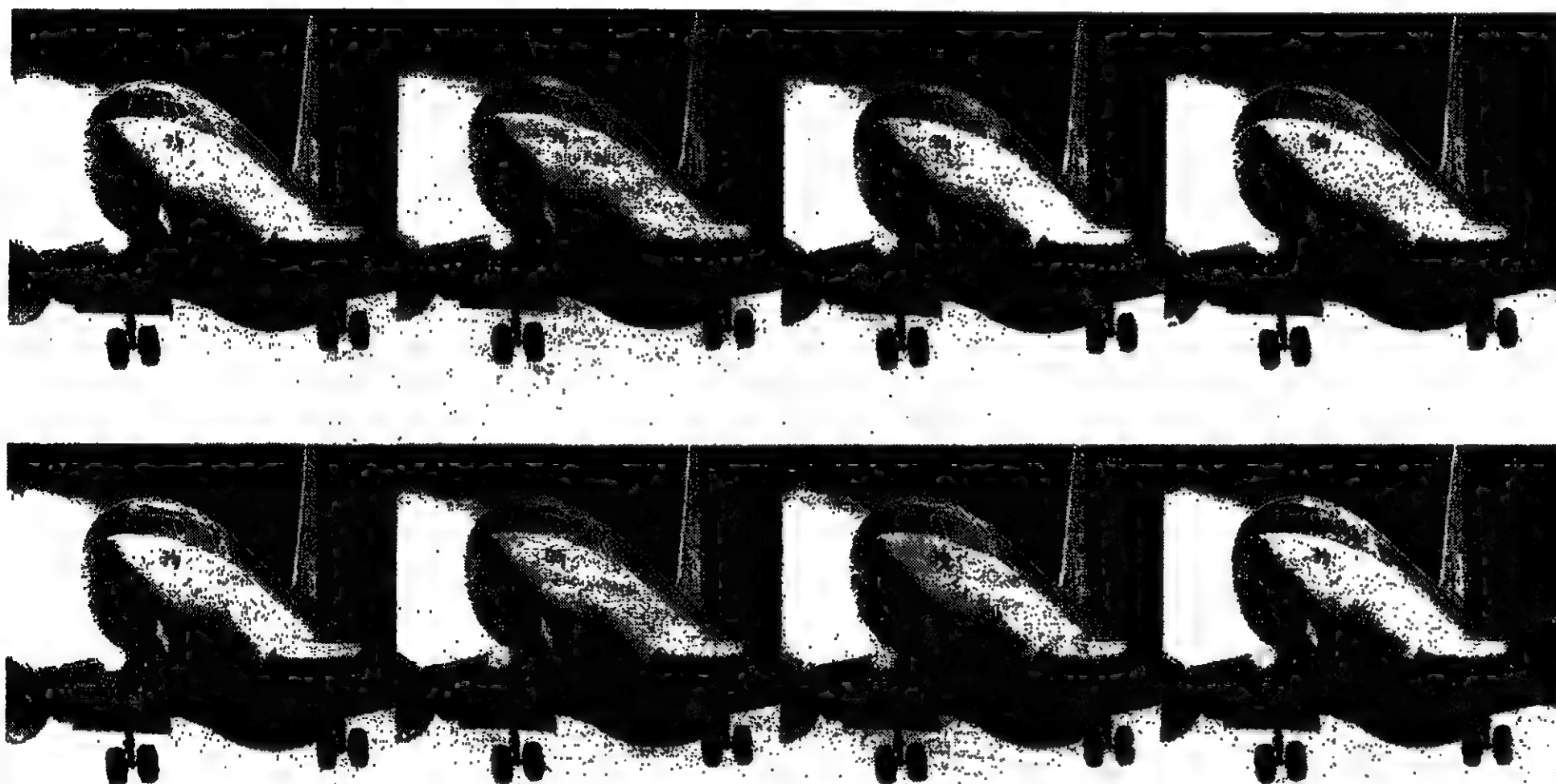
Whether or not companies should decide to eschew expensive hotels altogether is a more difficult decision. Some worry that customers and potential customers will not take company managers seriously unless they are staying in a leading hotel.

Tourist industry officials, however, say that many visitors are staying at cheaper hotels than they might have used in the past. Mr William Davis, chairman of the British Tourist Authority, says: "There is a notable tendency to trade down. Many overseas visitors are looking for cheaper accommodation, cutting their length of stay, or even staying with friends and relations."

Although the last option is probably not open to many corporate customers, the Horwath survey also found evidence of business travellers staying in cheaper hotels.

Mr Doran says companies should decide which of their travelling employees need to stay in expensive hotels and which could stay in cheaper establishments without affecting the standing of the company. Less high profile employees might not need the status and services of a luxury hotel and might, in any event, welcome the opportunity to stay somewhere less pretentious and more comfortable.

Michael Skapinker



Heathrow-Brussels. Simply the most.

The response to British Midland's new Heathrow-Brussels Diamond Service has been overwhelming.

So much so that we now provide 8 return flights a day - including the first out and last back.

No other airline offers the business traveller so many flights to Brussels.

No other airline can match our award-winning Diamond Service.

Or our 3 Day Executive return, which, compared to other airlines' business class fares, will save you £100 every time you fly to Brussels.

But then, with 8 Diamond Service flights a day to Paris, Amsterdam and Dublin, as well as Brussels, no other airline takes business travellers quite so seriously.

HEATHROW

TO

BRUSSELS

DEPART HEATHROW	ARRIVE BRUSSELS
06:55	08:55
07:55	09:55
11:10	13:10
11:55	13:55
15:35	17:40
16:25	18:25
19:10	21:10
20:15	22:15

Valid to 24th October 1992

Diamond Service
British Midland
THE SERIOUS ALTERNATIVE

COMPUTER RESERVATIONS

Hotels must catch up

INFORMATION technology for hotels is an immature, fragmented market with great scope for growth and the refinement of existing products and services.

According to a Mori survey carried out this year for International Business Machines, the largest hardware supplier to hotels using computers, 70 per cent of the hotel chains polled were not linked to a computerised reservation system. The survey, of 100 British IT and marketing managers, also found that only slightly more than half the respondents were taking advantage of property management systems - those that allocate rooms to guests and keep track of housekeeping, maintenance and supplies.

"The industry has a bit of catching up to do," comments Mr Richard Horsfield, IBM UK's hotel services group manager. To the extent that the technology is not taken up, travellers are deprived of the efficiency gains that computers can bring to itinerary planning. Hoteliers forgo added precision in their management accounts.

Where computers are used, improvements are taking place at the point at which the customer usually makes his first contact with the electronic net - the airline-owned ticket reservation systems which also accept hotel and car hire bookings. Hotels are beginning to opt for direct on-line links with these systems. Such direct links allow hotels to sell rooms off their own bat and in tandem with the intermediaries, such as Utell, which market a substantial portion of some inventories.

In three years, at the outside, all the leading hotel chains will have such direct links," says Mr Carl Holton, head of marketing for the UK arm of Galileo, the reservation system owned by 11 US and European airlines.

With a direct link, confirmation of room requests is instantaneous, and eliminates the potential for lost fax and telex messages which some travel agents say still

adds an element of uncertainty to room bookings.

"We're looking to the day when we can book a hotel room by computer and know that it is as secure as an airline ticket issued the same way," says Mr Neil McNair, information and technologies manager at The Travel Company, a travel agency.

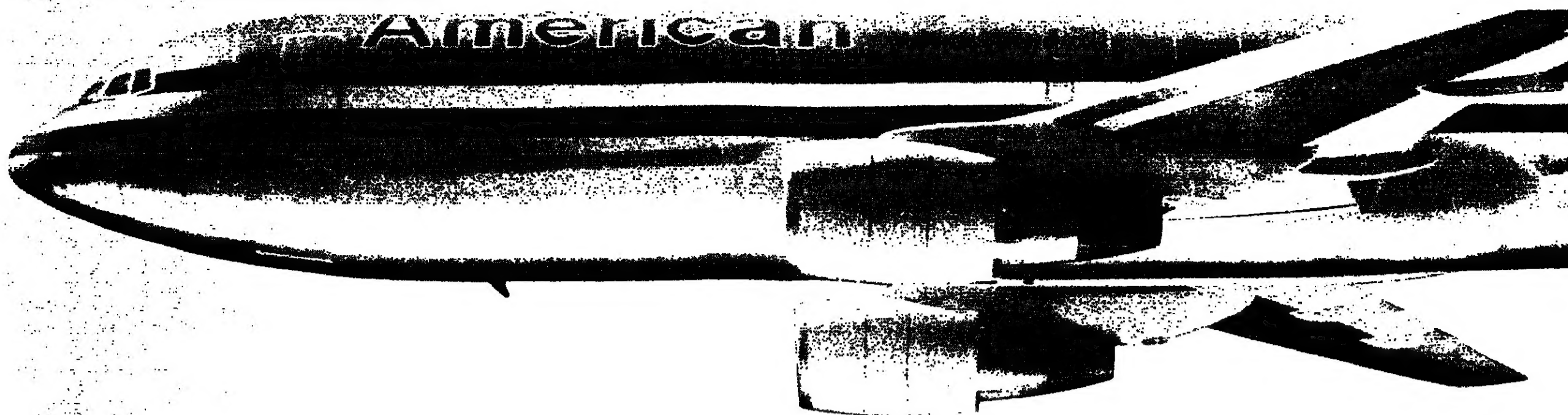
Another place where more direct computer access is being applied is in the central reservations systems operated by the hotels themselves. When fully automated, these process bookings for a whole hotel chain or group at a single office and send them down the wire to individual properties. Forte Travelodge takes 12,000 to 14,000 reservations a week on such a system designed by Insite, the largest of the hotel software suppliers with 1,500 installations worldwide.

Suppliers appear to be striving hard to match products with hoteliers' perceived needs. Last year, 98 suppliers (only a fifth of them specialists in the sector) launched a record 31 new software products into a UK market worth £30m, according to a report by Hill Associates, the consulting firm, in conjunction with the trade journal Caterer & Hotelkeeper. This effort was probably stimulated by feedback from systems buyers who gave availability of software to fit their particular business as the single most important influence on their buying decisions - before price, range of system features and speed.

Even so, more than a quarter of the hotel and catering businesses analysed in the Hill report - 74 per cent of whom said computers were essential to their work - said there was a gap between needs and available systems. "This suggests there is a considerable opportunity for further product development," the report says.

The future holds the promise of higher spending by hotel groups on computers. The IBM survey notes that 46 per cent of IT managers intend to spend more on computers this year

Continued on Page 6



American to the Americas.

If you're heading to the Americas on business, American Airlines has all the right connections.

Only American flies from 5 UK airports.

Only one airline is big enough to offer you transatlantic service from 5 UK airports: American Airlines.

In fact, only American flies from all 3 major London airports: Gatwick, Heathrow and Stansted, plus Manchester and Glasgow.

With American, you get the widest choice of airports. So you can choose the one that suits you best.

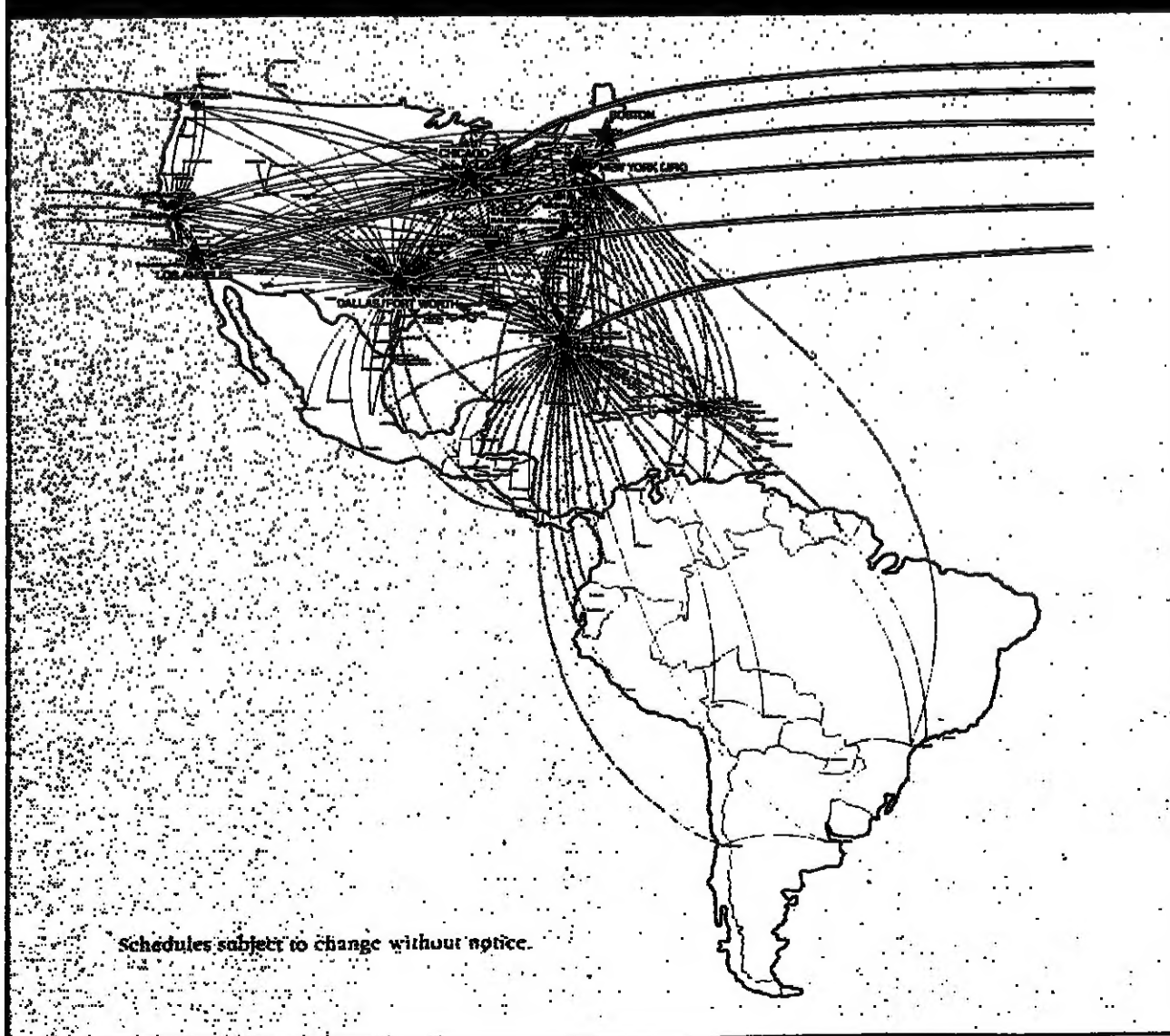
Fly from your choice of Heathrow, Gatwick, Stansted, Manchester or Glasgow.

From the UK, American offers you 15 non-stop flights daily.

Including 9 flights from Heathrow to New York, Chicago, Boston, Los Angeles and Miami.

Two flights daily from Gatwick to Dallas/Fort Worth.

From the UK, no other airline offers you more flights to more cities in North America, Central America, South America and the Caribbean than American Airlines.



The only daily non-stop service from Stansted to Chicago.

Daily non-stop service from Manchester to both Chicago and New York.

And exclusive daily non-stop service from Glasgow to Chicago.

All with fast, convenient connections to over 300 cities worldwide.

Fly to over 300 cities without changing airlines.

From the UK, you can fly American to over 240 cities throughout the US.

Plus over 60 more in Canada, Mexico, the Caribbean, the Bahamas and Central and South America.

Miami is the gateway to all of Latin America, plus Mexico, the Bahamas and the Caribbean.

From Miami, American offers you more flights to more cities throughout the Americas than any other airline.

Fly American to the Americas.

For reservations, call your Travel Agent. Or call American Airlines on 0800 010151.

American Airlines
Something special in the air.®



BUSINESS TRAVEL MANAGEMENT 6

Responsibilities are shifting in the industry as the customer-supplier relationship changes

When agent steps on manager's toes

ARE TRAVEL managers a dying breed? As recession grips more and more companies, the specialist function of travel manager is slowly being absorbed by some companies into other administrative functions and the bulk of the responsibility is being contracted out to travel management companies.

Travel purchasing in larger companies over the last five years has been disappearing into general purchasing departments or financial departments. In contrast, smaller size

from A to B should procure that travel by a purchasing specialist. The establishment of such a function within or outside a company not only creates opportunities for negotiating bulk-buying terms but it also contributes to the streamlining of administrative procedures which conserve executive man-hours.

The advantages of such an arrangement are obvious, travelling executives are relieved of time-consuming chores such as obtaining and checking tickets, making hotel reservations, updating passports and processing visa application forms. The travel manager or travel agent can also organise a business trip in collaboration with airlines, hoteliers, car hire companies and travel agents to ensure that the executives arrive comparatively free of frustration and in optimum working condition.

New technology coupled with a trend of company divestment is now turning the traditional role of travel manager on its head. The advent of sophisticated management information captured at point of sale by computer reservation systems (CRSs) has turned traditional business travel agents into travel management companies as they try to win business on the strength of having a better handle on travel costs.

It means that, in some cases, the travel manager is reduced merely to administering the customer-supplier relationship as there is no longer an in-house travel department. This takes up 30 per cent of a

purchasing manager's time or of that of someone who has a clerical function.

"A comparison can be drawn with the gradual disappearance of in-house advertising departments in the 1960s, leading to a functionary as a marketing manager/director having the customer-supplier relationship with out-based advertising agencies and media buyers," explains Mr Richard Lovell, managing director of business

travel agent Wagons-Lits UK. What has fuelled this trend is those companies divesting themselves of non-core business.

"It's a way for a company to strip out as much cost and expertise as possible," explains Mr Michael Cleeve, former business travel manager at British Telecom and now head of his own consultancy advising on travel and expense management. Business travel agents, or

travel management companies as they prefer to be called nowadays, have picked up new business but they are not all the way there yet and even some agents would admit that.

"There's a bit of a vacuum left when the travel manager goes and the travel agent isn't doing all his or her work. There are gaps, particularly in the processes which link the business traveller with the travel management company," says Mr Cleeve.

One problem area is effective communication of the various deals that have been worked out with the travel suppliers. A generous route deal with an airline will be lost if none of the travelling executives patronises that airline. Communicating such deals to large companies with several sites around the country is difficult.

Mr Cleeve argues that business travel agents should refine a company travel policy, help build some synergy between the company and itself and communicate it effectively. "So often the travel policy and desired practice are remote from the traveller," says Mr Cleeve.

As a general rule, travel agents welcome this new-fangled customer-supplier relationship as it can lead to a clearer definition of responsibilities and service standards and also clarify how an agent will be paid.

Traditionally, travel agents make their living from commission earned when booking travel products. But with large accounts, say, those over £1m a year and which are simple to

manage, a fee-based payment system is often better. Under this arrangement, an agent invoices his or her customer for airline tickets, hotel bills and car hire not of commission and instead, charges a service fee. The fee is a percentage of sales. Alternatively, companies might find it easier to pay their agent a transaction fee for each booking. It will all depend on the size of the account.

Clearly, the world of travel management is in upheaval but the increased set of options spell good news for any company trying to make sense of containing travel costs.

Gillian Upton
Editor, Business Traveller

Does it pay for a company to have a travel agency on its premises?

Why the implant could be on its way out

THE ARGUMENT for employing a travel agency implant to organise your travel is weakening as new technology reduces the need for specialist staff to occupy your premises. It will not be long before all arrangements can be handled over the telephone, writes Gillian Upton.

The arrival of screen-based information and satellite ticket printers (STPs) for companies with a large requirement for ticket issuing has made the difference. STPs allow airline tickets to be printed and issued remotely, negating the need for in-house agents to print them.

Large companies with a high number of frequent travellers, a significant travel budget and demand for last-minute arrangements have been driving this segment of the market

but their needs could be satisfied out-of-house. But what cannot be satisfied is the face-to-face interaction between travellers and travel staff and the emotional reassurance that often brings with it.

A travel agency implant is defined by the full-time use of something between one and 25 travel agency staff subcontracted to your company and working on your premises. On the plus side, it automatically releases a full-time travel manager from day-to-day administration and allows him or her to undertake a more long-term, strategic role. It also saves on the payroll, the implant staff can better integrate and become part of the culture of the company and perhaps do a better job.

The business travel agents - American Express, Hogg Rob-

inson, Thomas Cook and Wagons-Lits - compete with each other for a slice of this market sector.

Those who dislike this arrangement point to possible security problems in companies where the whereabouts of top executives may be sensitive information, to the potential conflict of interest of the agency staff being loyal to their agency rather than the client and the fact that implants take up valuable floor space, although that has been less of a problem since UK commercial rents nosedived. Space for an implant is usually provided free of charge or well under the going rate to the agent.

The anti-lobby say that it is important that implant staff work under supervision of a trained company travel man-

ager whose goal it is to seek money-saving opportunities.

Mr Norman Dickens, a travel manager from a large US oil company, has managed an implant for his employer for many years and vigorously defends their usefulness. "We're in the business of energy, not in the business of running a travel agency. The implant takes on all the responsibility of purchasing, the electronics, training staff, and there are definite benefits. I make and maintain the standard of travel and do it as economically as possible," he adds. Thomas Cook runs the implant with four full-time staff, handling 65 per cent of the client's UK business. The company spends £2m a year on air tickets.

In contrast, one division of BT (British Telecom) rid itself

of a travel agency implant some 15 months ago. Mr Jeremy Ing, BT Asia Pacific personnel manager, explains: "You lose the convenience of being able to wander down to the department and fix an itinerary on the spot but the agent is only a phone call away: we're getting better deals using an agent out-of-house."

The agent in question, Thomas Cook, sends a courier two or three times a day to drop off tickets and travellers' cheques and each travelling executive picks up the phone to pass on his/her requirements. "The traveller is only doing what they were doing previously, deciding where and when to go, so it's no extra work," says Mr Ing. "We had a lot of resistance from the travellers initially, but that was only to the change," he adds.

Mr Ing and his counterpart in finance share the in-house responsibility but he admits that very little of his time is spent on day-to-day liaison. "It's been a gradually improving service over the 15 months," he says, explaining that he can exploit Cook's larger network of hotel discounts and airline deals.

The BT division, in Southall, Middlesex, employs 70 people, at least half of whom permanently travel, predominantly to the Pacific region and to Africa. The combined air and hotel spend annually of this division is around £1m.

BT has lost the shared overhead of a travel manager, gained the floorspace the implant took up and is now reaping the benefit of getting the rebates previously passed direct to the implant.

Mr Ing and his counterpart in finance share the in-house responsibility but he admits that very little of his time is spent on day-to-day liaison. "It's been a gradually improving service over the 15 months," he says, explaining that he can exploit Cook's larger network of hotel discounts and airline deals.

Nicholas Lander looks at a new phenomenon that has brought fresh blood into the market

The luxury of staying at a small hotel

ALTHOUGH THE British Hospitality Association, the voice of the hotel industry, is eager to emphasise the importance of the large hotel corporations - Hilton, InterContinental or Forte - it is also keen to stress that, despite these major players, most of the hotel industry remains small-scale and personal.

Of the hotels in the UK, 62 per cent have fewer than 10 bedrooms and remain privately-owned. The vast majority of these hotels not only provide their owners with an income but also, invariably, a small part of the hotel to call their own. Over the past 20 years, however, there has developed a new phenomenon in the hotel market - the small luxury hotel.

These have attracted new blood and new finance into the industry. Today, the most successful count as their manag-

ing directors a former TV presenter and an ex-management consultant.

Some have been purchased with the proceeds from the sale of former businesses, some with the help of banks keen to lend on what seemed to be ever-increasing property values, others as a result of business expansion schemes.

This new blood has also led to far more sophisticated marketing techniques. In the early 1980s, when the market was booming and Americans were eager to spend money in British hotels, restaurants and antique shops, many small hotels began to seek some form of association merely to handle bookings more efficiently.

The year 1985 was the high-point but there followed a series of events which shook the hotel industry: the bombing of Libya, Chernobyl, the Gulf War and now the recession.

Today, the small luxury

Three associations are messaging the slowly reviving US market

hotels need one of the three major marketing associations to massage the slowly reviving American market and to search out new customers from Europe and Asia. Of the three, Pride of Britain

is the youngest. Formed in 1982 at the instigation of Mr Gerald Milson, proprietor of Maison Talbooth in Essex, it now boasts 31 hotels and 13 restaurants, all based in the UK. Its emphasis is on small hotels with 30 rooms or less, which are in private hands and retain a strong degree of owner-involvement.

From its inception, Pride of Britain targeted the American market via an association with Abercrombie & Kent, the upmarket British travel agent based in the US. Every year Mr Tony Elliott, Pride of Britain's chairman, and Mr Michael Yeo, its chief executive, join the A & K "roadshow" which over three weeks takes them round

the travel agents of 12 big US cities.

Annual subscription for those accepted into Pride of Britain is around £7,000. The main marketing tool is a full colour brochure, which this year, its 10th anniversary, boasts a foreword by the prime minister. Some 160,000 copies are printed, of which 40,000 go to America and the rest to representative offices around the world. The association's London flagship, the Beaufort, received 10 per cent of its bookings last year as a result of its membership.

Established in 1954, the Relais and Chateaux group is larger and more widely established - it boasts a print run of 1m copies for its guide and 387 member hotels and restaurants in 40 countries.

Its French origins and its five guiding principles - Character, Courtesy, Calm, Charm and Cuisine - do mean however that for a small hotel membership can require considerably more capital investment. Once accepted, membership

can be very influential. At Gidleigh Park in Devon the guide brings in 13 per cent of their resident business (worth about £120,000) compared to a total of 15 per cent as a result of inclusion in all other guides.

The annual cost depends on the number of rooms and the shield rating (a highly complicated system based on size and facilities). At Gidleigh Park, with 15 rooms and a yellow shield, it is approximately £7,000; at Chawton Glen in Hampshire, with a gold shield and 58 rooms, the cost is £3,000 a year.

Nor is this investment instantly rewarded. Last year when the Capital Hotel in London joined the group, Mr David Levin, its owner, was told that it could be three years before he noticed any new business as a result.

Small Luxury Hotels of the World is an organisation which today represents over 80 hotels around the world as a result of the marriage in 1991 between the British-based Prestige Hotels of Europe and Small Luxury Hotels and Resorts of

North America.

Of the three organisations Small Luxury Hotels places the strongest emphasis on marketing to meet changing consumer demand. Its latest catalogue not only includes a number of cruise ships, an

The Japanese expect men to be served first at the dinner table

offer of special packages with travel incentives among member hotels but also a clear listing of conference facilities for their corporate clients.

There is a minimum initiation fee of \$5,000 to join and a minimum annual fee for hotels with fewer than 20 bedrooms of \$7,500. All rooms above 20 are charged at \$285 a room to a maximum of 150.

Other small hotels have used the more personal marketing services of such firms as Payne and Dagworthy (the ex-Ritz, she ex-Savoy) who will charge \$5,000 to \$12,000 a year for their marketing services. And

others have gone more directly to source. For instance, Hartwell House in Oxfordshire has sought the advice of the Japanese Embassy in London not only to attract new custom but also to ensure that Japanese guests are treated as they expect to be with, for example, the men being served first at the dinner table.

Price is another major marketing factor, but it is one less suitable for the small hotels. In the bigger, more impersonal hotels there is little chance of guests discussing their room rates but in the bar of a small hotel this can only too easily happen and lead to irate customers.

But if discounting is not a viable proposition for the small luxury hotels, then possibly all-inclusive pricing may be. This has been the policy at the Beaufort in London since it opened in 1985: one price which includes bed, breakfast, a free bar and a long list of personal extras such as a restaurant guide compiled by the owner and membership of a local health club.

Corporate clients over the past six months include IBM, Nomura and Hanson. Naturally delighted with this trend, the Beaufort's owner, Ms Diana Wallis, is only surprised that other hoteliers have not copied her.

Hotels' computer reservations

Continued from Page 4

than they did in the 12 months to February. Holiday Inn is already undertaking a 3½-year \$60m upgrade

ing of its hardware and software with the aim of refining its ability to balance a room rate with vacancies and guests' length of stay. The old system registered no vacancy if a room

at the desired rate was not available on the first night. The new system will check whether the right type of room is free on subsequent nights, then pull up a different room

(but at the same price) for the first night. Holiday Inn estimates the new system will slash the loss of \$125m in US revenues caused by the old's inability to factor in guests' length of stay.

When one considers that 45 per cent of all hotel rooms in the world are in the US, and 53 per cent are in Europe, international sales to North America and the Continent will be of ongoing importance to IT suppliers in the sector. At least half a dozen systems designers and software specialists offer service support in at least one foreign language.

Technology notwithstanding, the hotel business remains one of service and personal relations. As Mr Marty Silverman, an IT specialist with management consultants Boos Allen, told an industry conference in London in April: "IT won't deliver sustained competitive advantage to the hotel sector unless a lot of things change around it - the features you advertise, the liaisons you forge, the way you train your staff."

Peter Miller



IN 1993 EUROPEAN AIRLINE DE-REGULATION WILL MAKE YOU RETHINK THE WAY YOU FINANCE YOUR TRAVEL NEEDS. AA BUSINESS TRAVEL WILL TELL YOU WHY. CALL SUE FERN 0256-493925



And now a company that looks at your travel costs from an entirely new angle

• A travel agent's income has traditionally been based on commissions earned from suppliers with whom they place their clients' corporate travel business. In fact, most travel agents still structure their business in this way. This

means that the more the client spends, the more the agent earns. • Under these circumstances, agents are not motivated to reduce their clients' travel expenditure. • Travel Elite has addressed this fundamental flaw in the business by arranging alternative financial relationships to suit the specific requirements of each of our clients. • Our objective is to ensure that you

receive the maximum return on your expenditure directly from the supplier. We in turn provide both Travel Agency and Travel Management Services for a predetermined fee. • This fee is guaranteed to be self financing and is a direct

function of our travel management success. • Travel Elite has pioneered this concept, and has been able to reduce the travel costs of every company into which it has been introduced. • If you feel that your company could benefit from our innovative

approach to travel management, please telephone Sue Higgs on (071) 831 9993.

TRAVEL
• ELITE •

Travel Elite Limited, 29/35 Farringdon Road, London EC1M 3JB

10 plus 2
for even greater
choice from SAA.



South African Airways are introducing two additional services to provide you with an unbeatable 12 services a week to South Africa from the UK.

We have increased our award winning flights from London Heathrow Terminal 1 to ten per week including three on Saturdays.

And we are increasing by popular demand our Manchester service by 100% with SAA flights to Johannesburg every Tuesday and Thursday.

You can now fly for as little as £3,902 (First Class return) and £1,835 (Business Class return) on SAA's direct services to Johannesburg, Durban or Cape Town.

Once you've arrived, our great connections to 27 destinations throughout Southern Africa and the Indian Ocean Islands and our special hotel and car hire deals mean that SAA really are No.1 for service and value.

No one knows Southern Africa better.

For more details call your travel agent or your nearest SAA office: 251-259 Regent Street, London W1R 7AL Tel: 071-734 9941. 1 St. Ann Street, Manchester M2 7LD Tel: 061-834 4436. 14 Waterloo Street, Birmingham B2 7TX Tel: 021-643 9625. 85 Buchanan Street, Glasgow G1 3HF Tel: 041-221 0015.

SAA SOUTH AFRICAN AIRWAYS

No.1. No Wonder.

MERIDIAN RECLAIM SERVICES

"VAT'S
a lot
of
money"

Yes, Value Added Tax can add up to a lot of money.

Let Meridian help you reclaim it on your European business and travel expenses.

MERIDIAN RECLAIM SERVICES LTD
PARWAY HOUSE
202-204 FINCHLEY ROAD
LONDON NW3 6BX UK
TELEPHONE: (44) (71) 435 5677
FAX: (44) (71) 435 6541

BUSINESS TRAVEL MANAGEMENT 7

Companies can save 10 per cent of their travel and entertainment spending, it is claimed

Cost-efficiency of the corporate card

WITH THE recession hitting deep into UK corporate budgets, the main players in the corporate cards market believe that their hour has come round at last.

The logic is simple. For years American Express and Diners have been arguing that a corporate card is not a licence for employees to spend money but a cost-efficient way of enabling the accounts department to monitor travel and entertainment (T&E) spending, detect possible delinquencies and, above all, to identify areas where savings can be obtained by negotiating bulk purchase deals with airlines and hotels.

Now they believe that many companies are beginning to listen more attentively. T&E is the second largest expense for many corporations after the salary bill. The sums involved are formidable. In Japan, annual T&E spending is around \$35bn (\$17.7bn) a year, and in Britain it will be around \$18bn this year.

The 1991 figure reflects the impact of the recession. Budgets are shrinking. Last year the UK total expenditure for T&E was \$20bn.

Corporate eagerness to cut spending has enhanced potential appeal of the information management functions of business card schemes.

"More and more corporations are looking closely at their expense base and trying to cut back, perhaps by booking economy tickets instead of business class or business class instead of first class. That means they want good quality information to enable them to make their purchases better," says Mr Jim Jamison, vice-president of travel management services at American Express.

Amex claims that its corporate card services, linked to its other travel facilities including its travel agency operation, can enable companies to shave

"The benefit to the client is that the lodge account improves cash flow"

between 10 and 30 per cent off hotel bills and air tickets. By itself, the corporate card scheme should be able to save companies at least 10 per cent on their T&E spending.

"That implies that there is a

potential £1.8bn saving in the British market alone," says Mr Jamison. "The link between travel services and the payment instrument is going to become more and more critical for many companies."

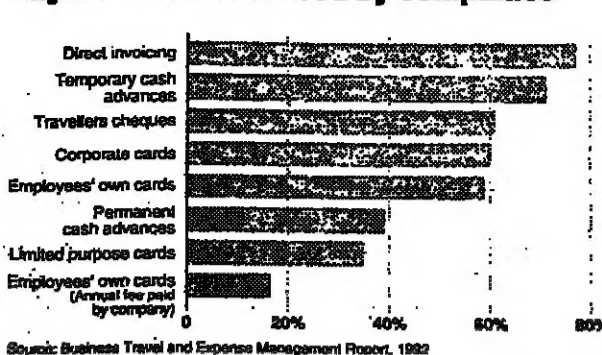
A separate trend in the market is that more companies these days want their on-line information, so that it can be easily integrated with other computerised cost-control operations, and fewer prefer data on paper.

A related development is the steady growth of lodge card services in which a corporate charge card issuer, Diners Club or American Express, links up with a travel agency to provide an integrated service to a corporate client.

Gray Dawes, a London travel agent, says that about 53 per cent of all the air tickets it sells to companies are now issued on the lodge card system.

All the tickets issued are charged to a lodge card held by the travel agent on behalf of the company. "The benefit to

Payment methods used by companies



Source: Business Travel and Expense Management Report, 1992

the client is that the lodge account improves his or her cash flow. We would normally be able to offer only 10 days' credit by ourselves. But with billing from Diners, companies can get up to 54 days' credit on average," says Mr Ray Hopkins, Gray Dawes managing director.

The client can also benefit from Diners' ability to offer worldwide facilities such as airport lounges and to supply

available when customers want them.

Diners Club has also made impressive progress in the co-branded card, a route which American Express (apart from cards which share branding with a bank) has so far refused to go down.

By combining the Diners card with a British Airways affinity branding, clients have been provided with some impressive additional benefits which Diners Club could not have offered alone: priority wait-listing on British Airways flights, upgrades at British Airways partnership hotels and car rental discounts.

"Our aim has been to generate high volume accounts and offer multi-user card products," says Mr Tony Stuart, general manager of the British Airways Diners Corporate card scheme. More than 500 companies, with annual T&E budgets of more than £500,000, now use the card.

Plans to develop it further over the next 12 months focus mainly on helping companies

improve their administrative control over their T&E budgets. In the longer run the British Airways Diners Club Corporate Card will be integrated into the British Airways Executive Club, offering an even greater range of enhancements.

In terms of numbers of cards issued, the corporate card business is still overwhelmingly dominated by American Express, with Diners Club recovering some ground through its lucrative niche in the co-branded airline cards.

In the UK, Amex's market

Impressive additional benefits such as priority wait-listing on British Airways flights

share appears to be around 50 per cent of the total, though the company declines to give a figure for 1992, saying merely that corporate cards make up a large chunk of the 1.1m UK American Express cardholders

and that even many of the personal cards are mostly used for business spending on T&E.

Visa business cards are making strong inroads at the lower end of the market. Company Barclaycard has been growing steadily since its launch two years ago. There are now 216,000 Company Barclaycards in circulation and \$670m worth of goods and services was purchased with them last year.

One advantage a Visa corporate cardholder has over those using Amex and Diners is the much greater range of outlets - 360,000 in the UK and 8.2m worldwide. By contrast Diners has 120,000 UK retail outlets and Barclaycard can stress that its use is not just confined to T&E purposes: the company is pushing it for the purchase of office supplies and equipment in place of traditional petty cash advances.

For Amex, charges begin at \$37.50 for a personal card but drop sharply per card if a company issues a large number of cards to its employees. For a company with more than 1,000 cards issued, Amex would charge 29 per card. Larger than that and the company would probably negotiate a flat management fee.

David Barchard

Case study: GRAY DAWES AND LLOYDS INTERNATIONAL

Advantages of an implant

COMPANIES ARE at last paying as much attention to their travel budgets as they have traditionally lavished on their advertising expenditures or their vehicle fleets.

Lloyds Bank spends around \$5m a year on travel, with just over \$2m going on air tickets and almost \$3m on hotel accommodation. Last year, just as companies ask for speculative pitches from advertising agencies, so Lloyds asked for proposals from 10 specialist companies on how best to run its travel purchasing. The winner would set up an implant, a four-strong travel agency, plus a messenger, inside Lloyds Bank's Lane building to handle the travel needs of the entire Lloyds group.

After viewing four presentations, Mr Glyn Farrell, who manages Lloyds Personnel and Travel Services, chose Gray Dawes Travel.

It was hardly surprising. The City-based Gray Dawes had first started to work for Lloyds International on an ad hoc basis 10 years ago. Five years ago it established its

own team inside Lloyds. After inspecting the field Mr Farrell stuck with the travel specialists he knew. In three years' time he will keep Gray Dawes on its toes by repeating the trial.

Mr Farrell reckons that by using a specialist implant travel bureau Lloyds both saves money and operates more efficiently. Apart from local trips of up to about 40 miles, all the travel needs of Lloyds managers go through the Gray Dawes team, which issues tickets, makes hotel

Other than trips of up to about 40 miles, all the travel needs of Lloyds managers go through the Gray Dawes team

bookings, arranges currency, renews passports and obtains visas from an office alongside that of Mr Farrell. Soon there might be satellite offices which might also be capable of issuing tickets, etc.

In his latest review Mr Farrell examined the cost of reviv-

ing an internal department, or of putting travel needs out to an outside agency (where there is the danger of being just one client among many) and concluded, as more and more large companies do, that the implant system is the most efficient.

As well as the expertise of the travel team seconded to it, Lloyds saves on the personnel costs, such as pensions and financial perks, of employing its own staff. And if for any reason a face does not fit, Gray Dawes can switch the employee to another client.

Mr Farrell might well see some of the airline or hotel representatives who visit him with tempting discount offers and pass on their suggestions to Gray Dawes, but they handle all the arrangements. Each month he is provided with a detailed computerised break-



Gray Dawes travel office in Lloyds Bank, Hays Galleria, London

down of Lloyds travelling expenses, which enables him to pinpoint which executive went where and at what cost. Over the years the travelling has increased but the budget

that attractive. Lloyds and Gray Dawes work with a limited number of airlines in order to secure discounts from achieving target expenditures but, on air travel, discounts rarely top 5 per cent of the listed price, although competition is forcing them marginally higher.

However, Gray Dawes attempts to exploit all the Apex savings available from early booking. Currently British Airways, United, and Virgin (its new mid class is deemed attractive to executives) serve Lloyds' transatlantic requirements. For Europe the need for speed and the general absence of discounts mean that the most efficient flight is booked irrespective of the carrier. The opening up of the skies over Europe could greatly reduce business travel costs on the Continent.

Like most companies, Lloyds is cutting back on first-class and business class travel. It not only saves money but conveys an appropriate cost trimming image for the times. Only 150 Lloyds executives are frequent international travellers and around 30 can expect to go first-class.

In the last five years the company has reduced first-class travel by around 20 per cent. Expenditure on business class travelling has also been curbed, although if an airline makes a special promotional

Lloyds is happy to take advantage of deals. But it does not encourage an upgrade mentality in the company

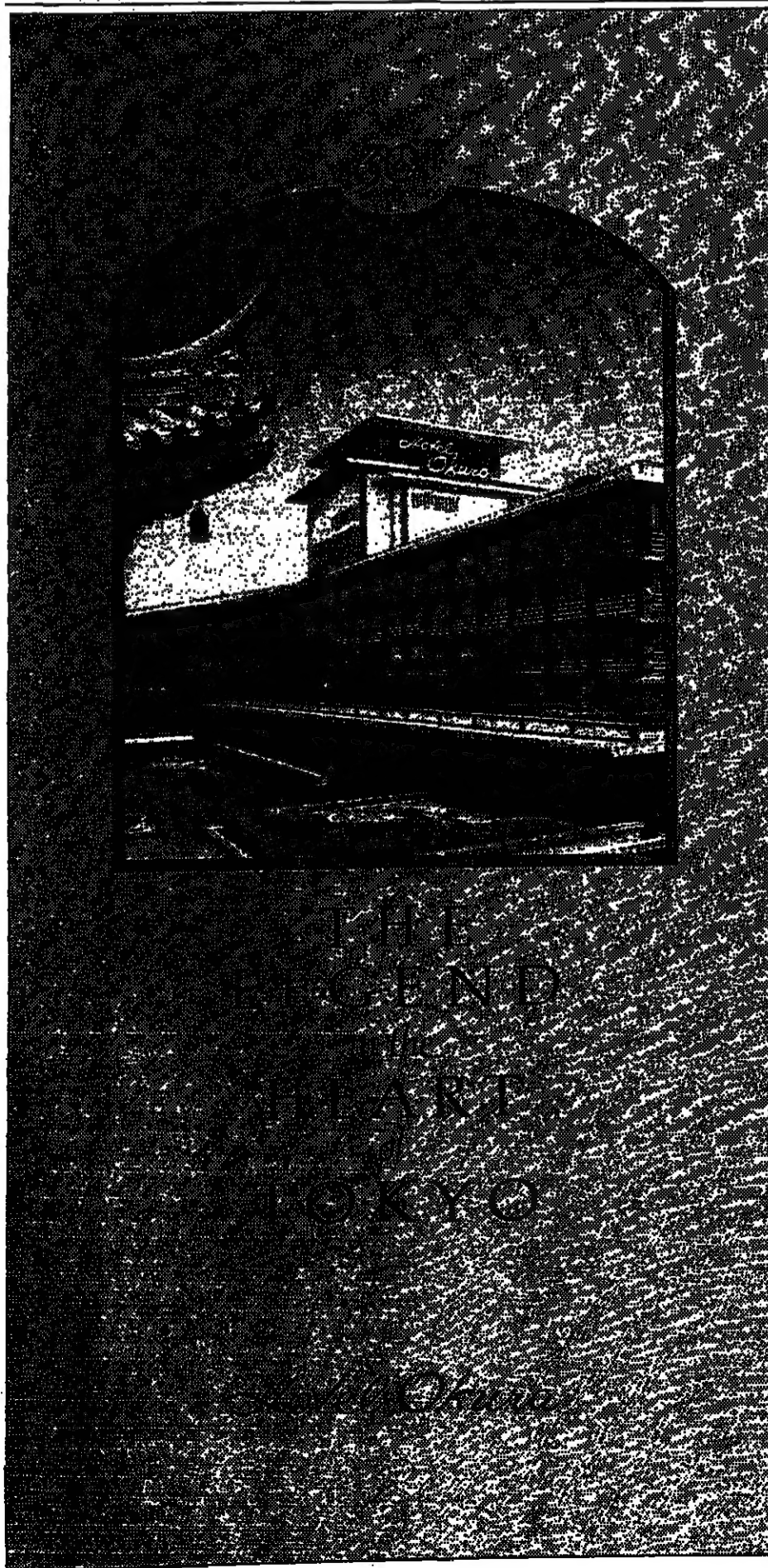
offer of upgrades for frequent business fliers (and the new American Airlines crossing the Atlantic are particularly inclined to do so) Lloyds is happy to take advantage of the deals. It allows its executive to discover his or her good fortune on arrival at the airport.

It does not want to encourage an upgrade mentality in the company.

In the current business climate discounts of up to 50 per cent on hotel accommodation can be secured by Gray Dawes, and not only by dealing with the big international hotel chains. However, if executives complain about a hotel, it is quickly dropped from the schedule. Mr Farrell believes that many companies keep a close watch on their travel costs but waste money on the more expensive area of accommodation.

It is not the travel department's task to fix the budgets: the various departments in Lloyds know their travel needs best. But Mr Farrell helps to police them and to ensure that they stay within the fixed limits and take advantage of any special offers that come on to the market. By having a travel company working exclusively in-house on its behalf, Mr Farrell believes that expertise, efficiency and effort are as good as doubled.

Antony Thorncroft



The Hotel Okura is the first choice of executive travellers from all over the world. Why? We invite you to come see and understand.

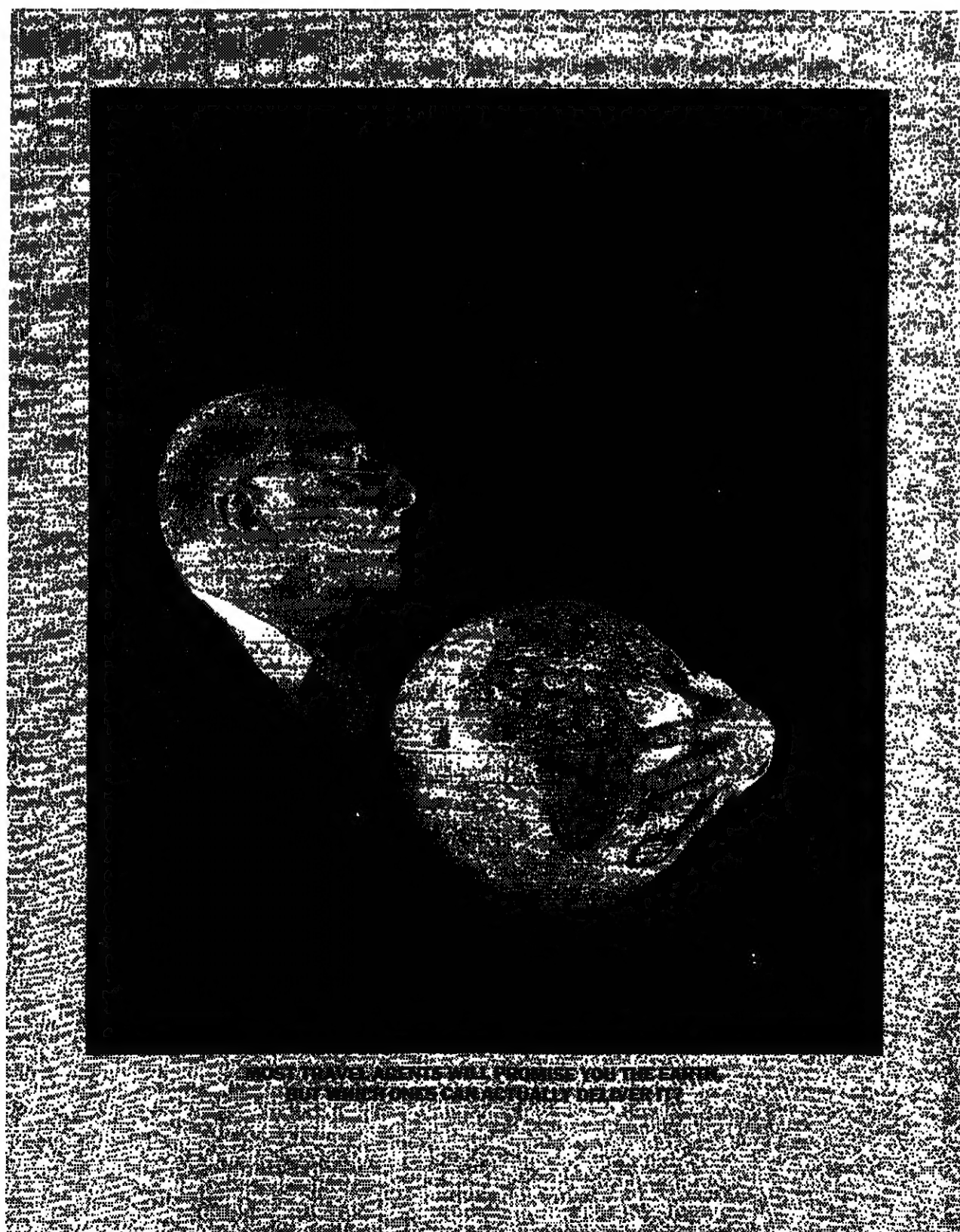
Contact your travel agent or our hotel representatives:

- THE LEADING HOTELS OF THE WORLD
- PREFERRED HOTELS & RESORTS WORLDWIDE
- UTELL INTERNATIONAL

HOTEL OKURA, TOKYO, JAPAN
2-10-4 Toranomon, Minato-ku,
Tokyo 105, Japan
Tel: 03-3582-0111
Fax: 03-3582-3707
Telex: J22750

HOTEL OKURA OFFICES
WORLDWIDE
New York Tel: 212-755-0733
Los Angeles Tel: 213-380-0218
Amsterdam Tel: 020-6761160
Hong Kong Tel: 895-1717

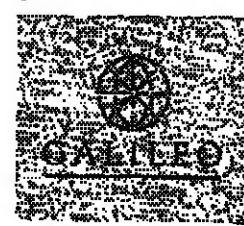
One of The Leading Hotels of the World



There's one computer reservation system, or CRS, that's poles apart from the rest. It's Galileo. It gives travel agents worldwide links to more airlines than any other CRS. So in turn, you get the widest choice of flights and routes.

Galileo has a massive worldwide car hire and hotel database too. And the facility to make complete fare comparisons between airlines, no matter how complex or unusual your itinerary. And not only is it a complete

system, it's quick and accurate to use too, so you get a quick, accurate and complete service. Which most mean that the best place to go before you go anywhere else is to a travel agent with Galileo.



BUSINESS TRAVEL MANAGEMENT 8

REMEMBER the British Airways television commercial of a few years ago that had an executive flying on the "red eye" to New York and arriving in top shape - much to the consternation of the people he was doing business with who thought he would arrive tired and bedraggled?

That commercial neatly summed up the benefits of flying Club Class in a world where the high-flying executive was king.

In the heady days of the late 1980s, nothing was apparently too good for the business traveller as he (or she) forged new business overseas.

But in the harsher business world of the 1990s, business executives are increasingly told by their companies that they must fly at the back of the aeroplane, stay in a (not that convenient or comfortable) four-star rather than five-star hotel, and drive a smaller hire-car.

Yet, all is not lost. The savvy business traveller knows how to get the best of a bad deal: how to exploit the opportunities for travelling in style at an economy price.

Here are a few of those ways.

1. Accept the company diktat to fly economy - but get an upgrade. Easier said than done, but with the mass of coach class travellers on budget tickets, full fare-paying economy ticket holders are usually first in line for an upgrade to business. It is essential, however, for men to wear at least a jacket and tie (preferably a suit) and for women travellers to be smartly dressed.

2. Ask politely at the check-in desk if an upgrade is available - hint at wanting to do some serious work aboard. If no luck at the check-in, ask the chief purser when on board the aircraft: he has the authority to upgrade you if space is available.

An alternative is to fly Virgin Atlantic which has introduced a new Mid Class service on its flights. This gives full-fare paying passengers the equivalent of a

business class seat on any other airline. Virgin's Upper Class seats (which sell at business class prices) are the equivalent of first class seats on other airlines. Downgrading from upper class to mid class will, for example, save the travelling executive over £1,500 on a round trip to Tokyo. The drawback to the mid class

The Japanese expect men to be served first at the dinner table

service is that the food is the same as in economy, although there are separate check-in counters and priority baggage handling.

3. Join an airline club which provides a range of extra services and facilities for frequent flyers. Most airlines

will either charge a fee for joining or limit membership to executives who have flown a certain number of miles with that airline. British Airways, however, has adopted a different approach: everyone who flies on a paid-for ticket with BA can qualify for membership of the first tier (blue) of its executive club. This provides few real benefits - no access to lounges, for example - but puts you on course (according to how many Club Class flights you make in a year) for silver or gold membership where the real perks are. Apart from lounge access, silver or gold members are usually first in line for an upgrade.

4. Use a specialist business travel agent to organise your business travel needs, rather than just asking the local agent - who primarily handles holidays - to make the booking.

Specialists buy a lot of travel, not just for you but for their other clients as well, and this gives them access to some of the best discounts and special offers available. Using a recognised business travel agent (most are members of the Guild of Business Travel Agents) can also help get an upgrade: the airlines are willing to do this on occasion for their best customers, but obviously not always as this would discourage business and first class bookings.

5. Small companies and individuals who want the benefits of bulk buying and other perks can join a specialist members-only travel club, such as Wexas or the International Airline Passengers Association. Wexas Gold Card membership at £148.53 a year, for example, offers personal travel consultants, discounts on business and first-class fares and access to the cheapest economy fares, and

free ticket delivery in central London. IAPA, whose membership costs a basic £45 without any travel insurance or upwards of £59 depending on the level of insurance cover, also offers substantial discounts on car rental and hotel prices. (Wexas: 071 589 3315; IAPA: 081 981 6555).

6. Hotels, squeezed by the

Cheaper long-haul flights may include multiple stop-overs so that one loses a working day

recession, have been looking for ways of offering better value to business travellers. Hyatt, for example, allows all guests to enrol as members of its Gold Passport programme - after that they accumulate points according to how much they spend in the hotel. These

points can then be used to obtain room upgrades and discounts on accommodation and meal costs.

The Conrad Hotel in Hong Kong has introduced a "Business Bonuses" programme: those paying the published room rate (as opposed to a heavily discounted price) get a free limousine to and from the airport, room upgrade, and other benefits including a free laundry service. Even some of the Savoy Group of luxury London hotels - including Claridge's, Berkeley and the Savoy - are wooing Australian and American guests with car transfers and free golf at the Wentworth Club.

7. Car rental companies have been having a pretty torrid time with the recession and rates have become very competitive. But if you want a better service, then join a club such as the special Avis Club, membership of which is free.

This guarantees members the best possible deal around, along with extra discounts in certain circumstances plus an upgrade.

These are some of the tips to make the best of the current squeeze on business travel.

However, Mr Ron Spiers, publishing director of the ABC World Airways Guide, who is a frequent business traveller clocking up an average of 150,000 miles in travel a year, believes the savvy traveller should look for some of the hidden drawbacks of international travel as well.

"With trips to the Far East, for example, I have found it really pays to check total elapsed time carefully, as a number of cheaper long-haul flights include multiple stop-overs which can add several hours to the journey, and in effect lose you a whole working day," he says.

His main cause of frustration, however, is the inflexibility of some tickets. "There can be few things more aggravating than to rearrange your flights and to find you have to pay a significant premium to change your flight," he says.

David Churchill looks at how hard-pressed executives can get the best from their travel

Keeping in style in the harsh 1990s

Silver jubilee of a British organisation which is the driving force behind European body

Guild remains confident on growth

THE Guild of Business Travel Agents celebrates its silver jubilee this year against a background of some of the toughest trading conditions that its 41 members have ever experienced. Yet the guild remains confident that the future for business travel remains strong - helped by such factors as the deregulation of European frontiers from next year - even amid the present economic uncertainty.

"There is no doubt that companies will continue to need to spend money on business travel in the 1990s as the pace of international business picks up," says Mr David Whittaker, joint managing director of The Travel Company and current chairman of the guild.

So confident are guild members of the growth of business travel, especially on a pan-European basis, that it has been the driving force behind the formation of the Guild of European Business Travel Agents, an umbrella body for the fledgling business travel agency associations that the British guild has helped nurture across seven other European countries.

The European guild's objective is "to speak and act in

unity for the benefit of the business traveller and the member agents who serve him or her". Its 200 or so members have a combined turnover of some \$10bn - giving them substantial clout in the increasingly global world of suppliers such as airlines, hotel chains and car rental companies.

Members of the UK guild

The \$10bn turnover gives them substantial clout in the global world of suppliers

alone generated an annual turnover of £3.4bn - almost £10m a day - from over 1,900 outlets in Britain. They were also collectively responsible for handling over three-quarters of all air traffic generated by agents in the UK.

The scale of the guild members' operations in the 1990s

would seem almost a dream in 1967 to the half-dozen travel agents who banded together to form the guild, believed to be the first such travel trade association of its type in the world. At that time, for example, British Airways did not exist - it was still in the days of BOAC and BEA - and Concorde had yet to fly. The two airlines between them handled some 9m passengers - compared with the 25m carried by BA now.

What prompted the formation of the guild 25 years ago was the feeling that the Association of British Travel Agents was more concerned with the interests of leisure travellers rather than of those travelling on business. The specific concerns of business travellers were sometimes lost amid Abta's concern for the blossoming package holiday trade.

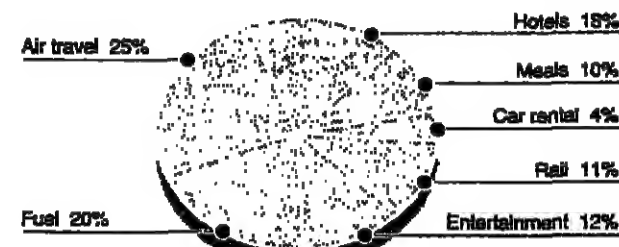
The guild's early days were concerned with fighting the

uphill battle of getting a better deal for business travellers - especially in the days when business class cabins were unheard of. Moreover, hefty price discounting by the airlines in the mid-1970s prompted the guild to launch its own "bucket-shop" type of discounted fares operation for members, which has developed into a more structured system now called Guildfare.

The growing demands of the guild's members in the 1980s saw it turn itself into a limited company in 1987, controlled by a 12-strong board of directors. Mr David Reynolds is now the guild's full-time chief executive, enabling the elected chairman to concentrate on the lobbying duties which form the backbone of the guild's operations.

"There are many important issues that concern business travel agents and their customers and we spend a great deal of time and effort trying to sort out the problems before

Travel and entertainment expenditure



Source: Business Travel and Expense Management Report, 1992

they arise," explains Mr Whittaker.

One recent concern, for example, has been the plans by the European Commission for member states to impose VAT on air fares at a rate of not less than 5 per cent.

"We've been fighting this one all the way and we hope that they are now beginning to see sense," says Mr Whittaker. "It's incredible that there should be moves to put up air

fares by imposing VAT at the same time as the whole issue of the level of European air fares is under review."

The EC, as well as the UK government, is also being lobbied by the guild over the proposed directive on package holiday travel. As presently worded, the directive, which comes into force next year, would bring business travel within the directive's remit as well as package holidays.

The guild is also concerned over the delays about the planned expansion of Heathrow airport which it believes will enable other European airports to win business away from the UK. It would also like to see greater efforts made by the BAA, which owns Heathrow and other major UK airports, to enable business travellers to have the fastest possible transit through airports.

"Since the business traveller already has to cut a swathe through the tourist throngs at Heathrow, we want to see a clear plan for reducing terminal congestion while we await the new terminal five," says Mr Whittaker. "But the noises from the BAA are not encouraging so far - in fact they seem to be giving even more space to shopping areas."

The guild is also putting pressure on the government to speed up immigration queues at Heathrow which, it believes, are offputting for

regular business travellers. Apart from its lobbying role, the guild has been active in two other key areas of interest to good business travel management.

Firstly, it has spent considerable effort to improve the quality of training among business travel staff. It believes that organising the best deals for corporate travel requires a higher level of expertise than is usual in high-street holiday travel agents. Hence, the guild has worked with Abta's national training board and the City and Guilds examination board to establish a four-stage level of training for agency staff which will enable them to claim the professional qualification, Certificate of Business Travel.

The second area where the guild has played an active role is in the development of the computer-driven technology which is rapidly changing the way agents do business.

"Without this new technology, business agents would not be able to keep pace with the growing demand from companies for a global travel service," points out Mr Whittaker.

David Churchill

ДЛЯ
ОБСУЖДЕНИЯ
БИЗНЕСА
С 300 000
ВЛИЯТЕЛЬНЫХ
РУССКИХ
ЗВОНИТЬ
+44 71-873 4263

(To talk business to 300,000 influential Russians, call +44 71 873 4263)

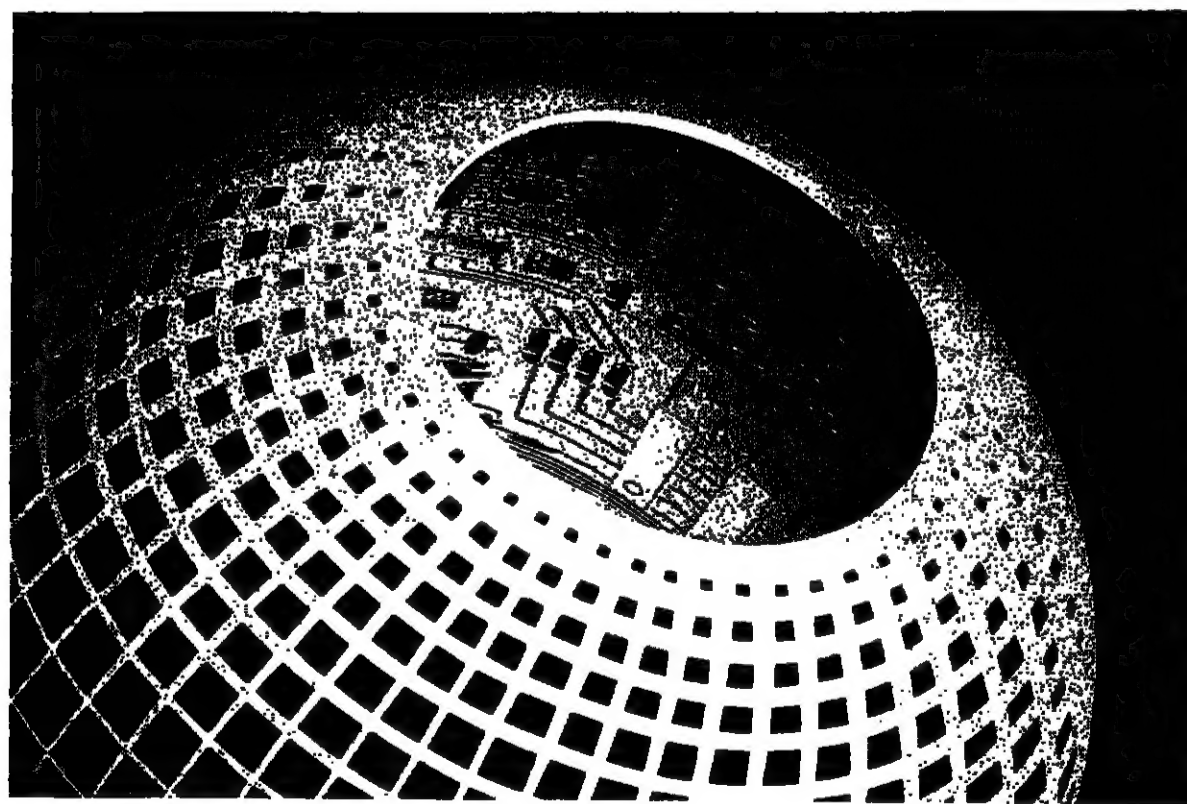
From October, the Financial Times, in partnership with Izvestia, Russia's leading quality daily, will produce "Financial Izvestia". A weekly 8-page newspaper, it will accompany Izvestia and be printed on the FT's distinctive pink paper.

Financial Izvestia will feature the week's key Russian and international business and economic news. It will be essential reading for the 300,000 Izvestia subscribers and readers in and around Russia's commercial centre, Moscow.

To find out more about advertising to these influential people, please contact Ben Hughes at the Financial Times on +44 71 873 4263 or fax +44 71 873 3428.

No Financial Izvestia.....no comment.

FINANCIAL TIMES



Get into the World of Amadeus



At 02.47h on the morning of 07 January, we created the first booking in the AMADEUS Central System, fulfilling our promise to all AMADEUS customers to deliver a fully operational computerized reservation and distribution system.



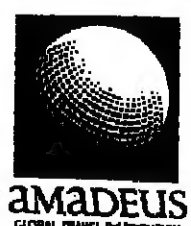
The itinerary, Madrid-Nice-Paris-Zagreb-Copenhagen-London-Hamburg-Milan, was booked for Amadeus Mozart, priced with the AMADEUS Fare Quote and then ticketed.



The AMADEUS System is now available in the United Kingdom. Amadeus Pro Res is a user friendly and efficient front office system which allows instant access to our own comprehensive database, the Central System. The extensive range of Central System products include AMADEUS Air, AMADEUS Cars and AMADEUS Hotels which have been designed with the European travel agent in mind, working in an ever increasing international Market.



Amadeus Marketing (UK) Ltd., your local national marketing company, is now fully established, with full Training, Help Desk, Sales, Marketing and Customer and product support. Offering the facilities you and your customers require.



AMADEUS UK LTD., Patteson Court, Nutfield Road, Redhill, Surrey, RH1 4ED
Tel. 0737 77 00 11, Fax 0737 77 39 88